

PROGRESS AGAINST PARLIAMENTARY ACCOUNTS COMMITTEE REPORT RECOMMENDATIONS

All Departments are required to report their activity in following up outstanding House of Commons Parliamentary Accounts Committee (PAC) Report recommendations where the Government response (the "Treasury Minute") was published after April 2007. Details of the recommendations concerning the Ministry of Defence are listed below.

Public Accounts Committee Recommendations

Thirteenth Report (2006/07) Smarter Food Procurement in the Public Sector

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
1	<p>PAC conclusion (v): For many children and adults, publicly provided meals form a key element in their daily diet, but not all public bodies make the most of the opportunity to promote healthier eating. They and their contractors should assess regularly the dietary requirements of all their existing and potential customers, including the elderly and those from ethnic and religious minority communities, canvassing customer views as part of regular quality audits of catering services. Frontline organisations should work with contract caterers to introduce healthier food combined with educational events that encourage healthy eating, and introduce ‘traffic light’ systems to highlight the nutritional value of each menu option.</p>	<p>The Department accepts this conclusion.</p> <p>The MOD’s nutritional policy is set by the Expert Panel on Armed Forces Feeding (EPAFF), whose overarching aim is to educate Service personnel about nutrition and healthy eating. Under the direction of EPAFF, a series of nutritional guides for commanders, caterers and individuals have been developed and issued. In addition, a nutritional DVD has also been made available to all Service units with a supporting presentation to reinforce the message being sent to recruit training units. The MOD also established a web-based service for personnel to seek nutritional advice from their consultant dieticians and nutritionists.</p>	<p>Front Line Commands canvas customer views through the routine messing meetings held in Military units, both non Pay as You Dine (PAYD) and PAYD, and Ships. A “traffic light” system was tried in the 1980s and 1990s with limited success. We do not currently advocate returning to this system and have shifted our emphasis from menu displays to educating the individual. We have developed, for military chefs, an electronic food/dish database which calculates the nutritional value of each dish. This allows them to design nutritionally balanced menus for Service personnel both on operations and in barracks. Notwithstanding this, in the era of individual choice and a policy of serving food from self service hotplates, our ability to control an individual’s diet is limited to the nutritional awareness education provided through the aforementioned guides.</p> <p>Additionally, the Defence Health Strategy Working Group is currently developing an Armed Forces Weight Management Policy and recently commissioned a report from Defence Science & Technology Laboratory into obesity in the Armed Forces. Both will inform Departmental policy when complete.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
2	<p>PAC conclusion (vi): There are wide disparities in the prices paid by public bodies for the same food items, ranging from between 32 pence and £1.10 for a standard 800g loaf of wholemeal bread, and between 17 and 44 pence for a pint of milk. Following the example of the Ministry of Defence, Departments should conduct regular benchmarking surveys or draw upon publicly available or commercially generated pricing information, and secure explanations from frontline organisations where significant price variations exist. They should also encourage greater use of e procurement methods to stimulate increased competition and greater transparency of prices.</p>	<p>The Department accepts this conclusion.</p> <p>The use of e-auctions contributed to the savings achieved within food procurement as part of the Supply Chain Excellence Programme. The MOD continues to conduct regular benchmarking surveys and e-auctions.</p>	<p>The current food supply contract was awarded on the basis of best Value for Money (VfM) while ensuring that food supply to operations was not compromised. To ensure continued VfM of centrally procured food, the MOD benchmark the top 250 items by spend via the Catering Price Index (CPI) against the industry average – the MOD’s food supply contractor is required to deliver cost that are 8% below the CPI average. A monthly Catering Price Meeting is also held and, if necessary, prices are challenged and reduced accordingly.</p> <p>Where practicable, the MOD also continues to use e-auctions to determine competitive procurements. As a positive measure to encourage the use of e-auctions at sub-contract level, the MOD has agreed to share the auction costs with its prime contractor; the savings achieved to date have justified this approach. Furthermore, together with our food supply contractor the MOD monitors trends in the market that affect prices and purchase commodities accordingly. If Core List items are found to be above the CPI alternatives are provided to ensure best VfM.</p> <p>Additionally, from Jun 09, food purchased by contractors in PAYD/Catering, Retail and Leisure units (PAYD/CRL) will also be benchmarked against CPI.</p>
3	<p>PAC conclusion (vii): A lack of</p>	<p>The Department does not</p>	<p>MOD is represented at the Office for</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>commercial skills and knowledge about the specialist food and catering market undermines the ability of frontline procurers to strike good deals with the major national wholesale food or multi-national contract catering companies. The three Departments (the Department for Education and Skills, the Ministry of Defence and the NHS Purchasing and Supply Agency) and the Prison Service, working with the Office of Government Commerce, should use their collective purchasing power to negotiate with the major food and catering firms for a larger share of the £95 million earned annually by contract catering firms from their suppliers by way of volume discounts and rebates.</p>	<p>accept that there is a lack of commercial skills/market knowledge within its organisation, which prevents it from placing competitive sourcing arrangements. The MOD has a dedicated commercial team and employs within the Defence Food Services Team, staff with specialist food and catering knowledge, who continue to refresh their knowledge of the market through training, development and research. The MOD has also invested in developing a Category Management Team that supports the activities of the commercial and catering staff and shares information with other Government Departments via the OGC's Food Procurement Group.</p>	<p>Government Commerce (OGC) Food Category Board (FCB). This group is chaired by Department for Children, Schools and Families (DCSF) and is responsible for the overall delivery of the objectives of the collaborative food board project. MOD also provides Category Management Team, Commercial and Senior Food Inspector representation at the OGC Food Strategy Team (FST). The FST is responsible for developing and delivering the overall food project strategy, and managing the future procurement landscape, including the overall output of the project work streams. The work streams have been organised into six key areas to deliver the food strategy.</p> <p>The OGC views the MOD's approach to food procurement (single supplier) as the 'gold standard' that other Government Departments (OGDs) should aspire. It is highly likely that the next re-let of the MOD food supply contract will be opened to OGDs, in the same way as the NOMS frozen food contract has recently been opened.</p>
4	<p>PAC conclusion (xi): The Committee expects to see measurable progress within two years (by 2008-09) towards savings of some £20 million promised by the Ministry of Defence over the five year life of its new main food contract.</p>	<p>The conclusion is accepted by the MOD, in so far as their contract will realise the quoted savings over the life of the contract.</p>	<p>Our plan created in 2006 identified potential savings of £19.4M across the life of the five year Food Supply Contract. The savings would be at their maximum in the first full year of the contract but would reduce each year as the MOD introduced the CRL/ PAYD system across the three Services and eventually fall to zero once CRL/PAYD was fully implemented (due 2013).</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
			<p>In its first year (Oct 06 – Oct 07) the contract, delivered savings of £8M and, £6.6M was identified in year two. Moreover, following our work with the OGC significant additional savings have also been identified and these are being tracked, reported and scored against the NAO/PAC targets.</p> <p>Measurable progress has been made and the Department regards this action as now being closed.</p>
5	<p>PAC conclusion (xii): The National Audit Office has demonstrated that it is possible for public bodies to increase the proportion of food purchased competitively from local or regional producers while complying with EU requirements. Following the lead of the Ministry of Defence in working with the UK meat industry, the three departments together with the Department of Environment, Food and Rural Affairs (DEFRA), should explore with UK food producers ways to increase the amount of UK produce purchased by the public sector. Public bodies should also be able to demonstrate that the animal welfare and food production practices of their suppliers adhere to the standards under which UK producers operate</p>	<p>The conclusion is accepted, in part, by MOD as it reflects the present working practices within the Department, particularly in the context of the Department’s working relationship with the UK meat industry. The MOD does, however, need to ensure the year round availability of its ‘Core List’ commodities, which supply our worldwide operational commitments. This cannot be achieved, cost effectively, with a policy of local or regional buying alone.</p>	<p>The rollout of CRL/PAYD in the UK means that 57% of the UK feeding commitment has been outsourced to Contract Caterers who are required to seek best VfM in the open market consistent with meeting EU quality standards. From Jun 09, food that is purchased by contractors in PAYD/CRL units will be benchmarked against the CPI. For the residual (Operational and Exercise, and non-PAYD/CRL feeding commitments), both UK and overseas, the Food Supply Contract single contractor works in partnership with the MOD to explore opportunities to purchase domestic product that are considered fit for purpose. This is duly recorded in the Public Sector Food Procurement Initiative pan-government annual report, collated by DEFRA, and indicates a rise from 2006-2007 of 43% indigenous food to 2007-2008 of 59%.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>and satisfy themselves that enough independent spot checks and inspections are taking place.</p>		<p>All products purchased by the MOD comply with EU quality and animal welfare standards, and increasingly sustainable and ethical criteria. Monitoring is undertaken by an in-house team and contractor and sub-contractor verification.</p>
6	<p>PAC conclusion (xiv): Public sector procurers should seek to increase the proportion of food purchased from 'Fair Trade' sources that offer the same standard at a competitive price. In some cases fair trade products will be more expensive but departments should work with the supply chain to improve competitiveness while still securing a fair price for producers.</p>	<p>The conclusion is accepted by Department.</p> <p>It is the intention of the MOD to test, through its Food Selection Panel, a wider range of fair trade products in the future for inclusion on the 'Core List'.</p> <p>.</p>	<p>When we select foods for the Department Core List, sustainability and ethically traded products are an important part of our selection criteria. If the product meets our stringent quality standards and provides VfM then, wherever possible, we select it. Currently 90% of all tea & coffee supplied on the MOD Core List is "fairly traded"; the remaining 10% are vending products which are unlikely to be purchased from Fair Trade sources in the short-term. Both Fair Trade chocolate and biscuits will be taken to Food Selection Panels in the next 12 months.</p>

Public Accounts Committee Recommendations

Fourteenth Report (2006/07) Delivering Digital Tactical Communications through the Bowman CIP Programme

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
7	<p>PAC conclusion (i): There is no individual within the Department with full responsibility for ensuring that the Bowman CIP project meets its objectives. In 2006, the Department belatedly appointed a senior officer to act as Senior Responsible Owner. But he lacks the authority and time to effectively discharge this onerous responsibility and is only supported by a small staff. In applying the Senior Responsible Owner concept, the Department should equip those appointed to such challenging positions with the funding, authority and trust to fully discharge their responsibilities in line with the guidance issued by the Office of Government Commerce.</p>	<p>The Department notes the Committee's views and agrees that in its earlier stages the Bowman and CIP projects would have benefited from stronger high-level governance arrangements. The MOD believes that the governance arrangements, which were developed in the light of the OGC guidance in 2003 and as the programme evolved, provide a robust framework for delivering the Bowman CIP programme. The senior officer now responsible for the delivery of networks such as Bowman CIP that underpin Network Enabled Capability (NEC) has the authority, position within the Department and support to ensure that obstacles to delivery are addressed and overcome while maintaining coherence with other projects supporting the wider NEC capability.</p> <p>It is the Department's policy that large and complex projects or groups of</p>	<p>As part of the ongoing development of governance responsibilities, the Deputy Chief of the Defence Staff (Capability) was appointed as the Senior Responsible Owner for Network Enabled Capability in 2007.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>projects will have a senior responsible owner appointed on behalf of and accountable to the Defence Management Board. In addition, under the Department's Defence Acquisition Change Programme, the Directors of Equipment Capability will fulfil the Senior Responsible Owner (SRO) role for each of their projects that are not covered by specific SRO appointments. Although the senior responsible owner may not have full financial or command/line management authority over all those delivering the projects, he or she will be empowered, have a good knowledge of the requirement, be competent to resolve conflicting priorities and be able to exert influence outside traditional management or command chains. This is consistent with the OGC guidance.</p>	
8	<p>PAC conclusion (ii): The Department took nine months to approve the revised deal struck with General Dynamics UK in October 2005. Time is money for the Department and its contractors, and delaying delivery of a much-needed capability could also cost lives. The Department intends to action the relevant recommendations from its Enabling Acquisition Change</p>	<p>The Department agrees that responsiveness is an important attribute of the investment approvals process, alongside the need to ensure that proposals are soundly based and provide good value for money.</p> <p>Implementation of the recommendations of the Enabling Acquisition Change report is being taken forward through the Defence Acquisition Change Programme. A number of changes to the approvals</p>	<p>Process changes, recommended by the Enabling Acquisition Change report, are being taken forward through the Defence Acquisition Change Programme, as indicated in the Treasury Minute.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>review to improve its in-house approvals processes. The Department should also engage the Treasury and other relevant government departments in developing a leaner, more responsive approval process so that decisions can be made in a more-timely manner.</p>	<p>process have already been made. These include:</p> <ul style="list-style-type: none"> • the involvement of the Defence Management Board in the most significant investment decisions; • the addition of the Defence Commercial Director to membership of the Department's Investment Approvals Board; and • the delegation of the approval of the lower value lower risk equipment and support projects to the new Defence Equipment and Support organisation. <p>Other changes that will be introduced shortly include:</p> <ul style="list-style-type: none"> • a more streamlined scrutiny process which aims to ensure that project teams have, at an early stage, a clearer picture of the information required at the main decision points and simplifies the production of business cases; • for larger projects, the inclusion of support costs in Main Gate equipment approvals; • independent cost estimates; and 	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<ul style="list-style-type: none"> the requirement to carry out commercial due diligence before contract signature. <p>The MOD is engaged with HM Treasury to develop a more responsive procurement approvals process. Although engagement with other Government Departments does take place in the context of the approvals process, this does not impact on approval timelines.</p>	
9	<p>PAC conclusion (iii): The Bowman CIP project timescale was clearly unrealistic, and the inherent complexity and technological challenges were under-estimated. The Department should re-design its scrutiny processes and better align these and its assurance processes so that they are fit to deal with the challenges of Modern defence acquisitions and to take into account the culture of over-optimism endemic in much defence procurement.</p>	<p>The Department accepts the general thrust of the Committee's views. The Department recognises that the timescales set for the Bowman and CIP projects were challenging and was aware of the potential technical and complexity challenges, but on balance believed that the risks were worth taking in order to achieve coherence between the two projects and the earliest possible delivery of this important new capability. The deployment on operations of a militarily useful Bowman CIP from April 2005 was an important step forward. The Department recognises, as a general issue, the need for greater realism in the planning of defence capability and agility in the acquisition system.</p> <p>Changes being introduced through the Defence Acquisition Change Programme, including the streamlining of</p>	<p>The Defence Acquisition Change Programme continues to take forward changes that are aimed at improving the acquisition system and how risk and technological complexity is managed.</p> <p>For example, the Department has undertaken work to examine the relative benefits of incremental, evolutionary, off the shelf and the standard CADMID approaches to acquisition in delivering capability more quickly to the frontline.</p> <p>The Department recognises that the full benefits of many of these changes will take a number of years to realise.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>process, better cost estimating and greater use of incremental acquisition are aimed at improving the acquisition system to provide better delivery of capability to the front line, and improved value for money for the taxpayer.</p>	
10	<p>PAC conclusion (iv): The vehicle conversion challenge posed by the unexpected variation in the land vehicle fleet could have been predicted if the fleet had been properly surveyed before contracts were placed. The problem was compounded by the absence of good data on vehicle configurations, and the practice, particularly in the army, of Modifying vehicles without managing and tracking the Modifications. Until the Department obtains adequate standing information on vehicle condition and configuration, it should re-emphasise to Users the importance of maintaining standard configurations wherever possible and should survey representative samples of vehicles before commencing Modification work.</p>	<p>The Department accepts that there is an issue with capturing and tracking information about Modifications to vehicles. The UK Armed Forces' vehicle fleet consists of many types, which in some cases are themselves sub-divided into many variants according to role and parent unit. This fleet is, in some cases, up to 40 years old and over time and for good reasons has been subject to extensive Modifications to meet the evolving operational or safety environment.</p> <p>Given the general knowledge the MOD had about the age and condition of the vehicle fleet, it was recognised that configuration control was an issue at the outset of Bowman conversion. A platform presentation programme was put in place that brought some commonality to the fleets but could not allow for platform-to-platform variations. The MOD accepts in retrospect that more detailed survey and preparation work would have enabled the</p>	<p>Procedures for the tracking and configuration control of the vehicle fleet continue to develop. In particular they have been greatly improved by the introduction of Joint Asset Management Engineering Solutions 1 (JAMES 1) to the Army and within the Bowman CIP programme itself the introduction of the Bowman Asset and Configuration Management System (BACMS) for which fielding to the user began in September 2008. The extension of the Bowman CIP 5 uplift programme to help balance the flow of new capability to the front line with the priority of support to current operations is being exploited to capture the right level of vehicle configuration data.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>true scale of the variations present in the vehicle fleets to be better understood and the conversion programme to have proceeded more smoothly.</p> <p>As a result in part of experience with the Bowman CIP conversion programme the Department is working hard to address vehicle configuration control issues and believes significant improvements will flow as more capable electronic engineering and configuration management systems enter service. Until then, the better use of existing data alongside revised processes within the Army will deliver worthwhile improvements.</p>	
11	<p>PAC conclusion (v): Complex new systems such as Bowman CIP are more expensive to support and will require more on-going training than their simpler predecessors. To encourage more serious consideration of Through Life Management issues and better inform future investment decisions, the Department should validate the quality of the key data underpinning decisions on the delivery of through life management capability including measures of financial maturity,</p>	<p>The Department agrees that clarity on requirements and the quality of data are key factors in the successful delivery of through life capability management. The Defence Acquisition Change Programme is addressing these issues. For example, the MOD's capability planning process has been reformed to support through life capability management and now follows a multi-stage process to establish capability requirements, identifying risk and pressures relating to such areas as the industrial capacity, funding and maintaining the effectiveness of current capability.</p>	<p>Following the introduction of Through Life Capability Management within capability planning, the Defence Acquisition Change Programme is now moving the MOD to a more programme-based approach to capability delivery (in contrast to the existing largely project-centric approach). This builds on what has already been put in place to enable more coherent through life decision-making and will provide greater agility in meeting the requirements of the front line.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	and clarity about the capability needed.	Implementation of this process is expected to mature towards the end of 2007. Much of the data that underpins this work is generated by the newly formed Defence Equipment and Support (DE&S) organisation through its equipment Through Life Management Plans (TLMPs). The DE&S has initiated a programme of work to simplify and improve the design of TLMPs and complete a 100 per cent refresh of the data they contain by the end of the current financial year.	
12	PAC conclusion (vi): Bowman CIP was accepted in service in March 2004 with 27 major provisos that reflect the limited operational capability of the initial system. The Department should only accept that General Dynamics UK has cleared the provisos on the basis of robust trials-based evidence and should not pay any outstanding amounts until it is satisfied that the Armed Services are getting the capability they asked for.	The Department agrees with the Committee on the importance of robust testing and trialing as a basis for accepting equipment into service. Acceptance of the next increment of Bowman CIP (Bowman CIP 5) will be based on the evidence gathered through extensive trialing activity in 2006 and 2007. These trials will graduate from highly demanding technical field trials to operational field trialing in the hands of the user. This trialing methodology will ensure that the capability delivered by General Dynamics UK is fully verified and validated before it is deployed on operations. Included in this process is the clearance	Bowman CIP 5 was accepted into service in January 2008 following an extensive series of technical and user trials and based on the evidence gathered throughout. To date, 21 of the 27 Bowman provisos have been cleared (accepting in the case of the Personal User Data Terminal a capability shortfall) and under current plans the remaining six (as well as the outstanding CIP provisos) will be cleared before full system acceptance is agreed. Contractual milestones are in place for completion of the remaining work and final payment will not occur until the agreed capability is delivered.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>of outstanding provisos against full systems acceptance. In order to ensure the delivery of the required capability a number of significant outstanding payments to General Dynamics UK remain and will be held pending the delivery of the contracted requirement.</p>	
13	<p>PAC conclusion (vii): The Department has removed several important capabilities from the existing Bowman CIP programme. The Department has developed plans which it is confident will now deliver the most vital aspects of capability without further delay. The capabilities being delayed, such as the ability to communicate with allies, remain important, not least to reduce the risk of further friendly fire deaths. The Department is confident that, to date, no lives have been lost due to this deferral. It should, within the next year, develop a realistic forward plan to ensure the Armed Forces do not have to forego these capabilities for longer than is absolutely necessary.</p>	<p>The Department remains confident that the revised Bowman CIP programme approved in 2006 will deliver the coherent and stable austere Bowman CIP capability necessary to provide the basis for Network Enabled Capability in the land environment. The Department notes that this level of capability, Bowman CIP 5, will improve on the ability of the current version to communicate with allies by secure voice by also providing an ability to transfer standard formatted messages or e-mail with allies, as explained in the supplementary memorandum of evidence submitted in response to Question 155. Bowman CIP will therefore increasingly contribute to our Combat Identification capability and the minimisation of the risk of fratricide.</p> <p>The Department continues to believe that the deferral of technically risky capability from the current Bowman CIP programme was prudent. The Department confirms that it is working to define plans for future</p>	<p>Having been accepted into service in January 08, the fielding of Bowman CIP 5 has started. It is now in operational use with the Navy, and has been fielded to selected Army units to conduct experimentation to de-risk the first deployment of the capability expected in 2011. The scheduled clearance of outstanding provisos will see the realisation of the minimum austere capability to deliver NEC.</p> <p>The technically risky capability elements deferred from the current programme have now been defined for future Bowman CIP capability releases. These will be supplemented in due course by the inclusion of requirements developed as lessons are learned from the operational deployment of Bowman CIP 5. Capability development on these lines will be taken forward through the Department's normal planning process.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>capability releases beyond Bowman CIP 5 and expects to consider these plans as part of its routine planning process. Among the factors that will shape these plans are the ability of the front line to absorb further large-scale changes and the constraints imposed by operational tempo.</p> <p>The Department envisages a periodic capability release programme providing both capability enhancements and maintenance that will be informed by the current validation work on the delivery of deferred capability.</p>	
14	<p>PAC conclusion (viii): In addition to the timescale slippage, the Department has agreed to pay a further £121 million to General Dynamics UK to deliver Bowman CIP, despite a much reduced number of platforms to be converted, and some aspects of the requirement being shuffled to another project. Securing value for money in the long-term will require the Department and General Dynamics UK to work together collaboratively to cost-effectively deliver and sustain the capability required by the Armed Forces. To support this objective,</p>	<p>The Department agrees with the Committee on the importance of working in partnership with industry to secure long-term value for money. The MOD's Key Supplier Management process employs a range of tools aimed at improving and maintaining the relationship with our key suppliers, and measuring and driving performance improvement in both the supplier and the MOD.</p> <p>The Integrated Project Team (IPT) dealing with Bowman CIP and General Dynamics UK have been actively engaged in that process. Looking ahead, the IPT is also working to measure and</p>	<p>To improve joint working between the Department and General Dynamics UK, the Integrated Project Team (IPT) holds bi-monthly Joint Board and Strategic Board meetings with General Dynamics UK. The quality of the relationship is reviewed at these meetings using the MOD's Key Supplier Management tool and this has shown that there have been improvements in the quality of the relationship.</p> <p>Additionally, the Managing Director of General Dynamics UK, Director General ISTAR in the Defence Equipment and Support organisation and the IPT Leader met recently to explore how to strengthen</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>the Department and General Dynamics UK should regularly assess the strength of their relationship.</p>	<p>improve the strength of its partnering with General Dynamics UK and other companies involved in this work. This should yield benefit within the remainder of the current contract as well as informing any potential longer-term partnering arrangements.</p>	<p>further the relationship and to work together collaboratively. The IPT has commenced discussions with General Dynamics UK towards establishing a partnering arrangement to underpin future, longer term business relationships.</p>

Public Accounts Committee Recommendations

Twenty First Report (2006/07) Progress in Combat Identification

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
15	<p>PAC conclusion (i): The Department has failed to develop viable Combat Identification solutions to counter the risks of friendly fire incidents, despite their devastating effects, and despite the recommendations made by the Committee of Public Accounts in both 1992 and 2002. Some improvements have been made, for example for air and naval operations, but the Department needs to address the outstanding areas without further delay.</p>	<p>The Department fully recognises the importance of Combat Identification in enabling the Armed Forces to conduct military engagements quickly and decisively with the minimum overall casualties and to minimise the risk of fratricide in combat. The MOD notes for example the historically very low overall level of combat casualties in war fighting operations in Iraq in 1991 and 2003 as an important measure of military effectiveness to which Combat Identification contributes. However, the MOD accepts that there is more that can be done to improve the Combat Identification capability of the Armed Forces. To this end, a Senior Responsible Owner for Combat Identification was appointed in 2004 to lead the MOD's Combat Identification programme in a step change improvement in the Department's capability. The Department also identified priority areas for improving Combat Identification capability, broadly the challenging ground to ground and air to ground environments and when fighting</p>	<p>The Senior Responsible Owner continues to lead improvements in Combat Identification capability. Given the nature of current operations the emphasis is on the air to ground (including helicopters) and ground to ground environments in particular with United States forces.</p> <p>In June 2008, the Department refined the doctrine for Combat ID in the light of current operations.</p> <p>The Department has continued a close working relationship with coalition partners to develop interoperable Combat ID solutions, including ratification of a joint Combat ID Standard in November 2008, and a continued investment in the Coalition Combat ID demonstrations sponsored by the United States and NATO Allied Command Transformation. This has involved participation in exercise BOLD QUEST in September 2007 and exercise BOLD QUEST PLUS in July 2008. We are beginning the planning process for exercise BOLD QUEST 2009.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>alongside coalition partners.</p> <p>The Department has a well defined policy on Combat Identification and continues to invest heavily in a range of equipment systems that contribute to Combat Identification capability, to play a leading role in co-ordinating Allied efforts on interoperable technical and procedural solutions and to pursue improvements across all elements of military capability, including organisation, concepts and doctrine, information and training as well as equipment. The MOD's view is that, given the nature of warfare, the complete elimination of the risk of fratricide is not a realistic aim.</p> <p>The Department's Combat ID programme is addressing current operations and establishing enduring capability for the long term. Improved capability, such as the Bowman secure tactical radio communications system, has been deployed on operations, as well as equipment to meet specific operational requirements such as blue force tracking systems, improved targeting pods for ground attack aircraft and ground-to-air radios which enable UK ground patrols to talk directly to Coalition aircraft. Improved</p>	<p>The BOWMAN secure tactical radio system has been deployed to all theatres, and Blue Force Tracking systems for Ground Forces and Helicopters have been delivered under Urgent Operational Requirements (UORs). Improved targeting pods and improved equipment for forward air controllers have also been delivered as UORs and valuable lessons identified on digitally aided close air support that will be taken forward by the Joint Fires Integration project.</p> <p>Reaper and Hermes 450 Unmanned Aerial Vehicle systems are operating in theatre.</p> <p>A Combat ID capability audit has taken place, facilitated by Dstl. The report is due in December, but early indications are that it lends further weight to the application of a broad spectrum of measures, rather than a single technical 'silver bullet', and supports the approach the Combat ID programme has taken.</p> <p>The UK (alongside its coalition partners) continues to investigate credible technological Combat Identification solutions as part of the BOLD QUEST series of demonstrations. The focus of BOLD QUEST 2009 is air to ground</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>equipment for forward air controllers is also being delivered and improved tactics; techniques and procedures for air-to-ground operations have been introduced. It is also planned to introduce into theatre later this year a significantly enhanced reconnaissance and surveillance capability using the Reaper (formerly known as Predator B) and Hermes 450 Unmanned Aerial Vehicle (UAV) systems.</p> <p>For the longer term, the introduction over the next few years of new capabilities such as the ASTOR airborne radar surveillance system will improve enduring capability. To guide longer-term activity, a full-scale audit of Combat Identification capability to identify current capability and shortfalls is being conducted, building on earlier work. This, together with more use of operational analysis and human factors research will help to address balance of investment issues and inform decisions to be made on investment in new or enhanced capability. The Department continues to work closely with the United States and NATO partners on achieving interoperability within Combat Identification. For example, the Department is actively involved in Exercise BOLD QUEST, a multinational</p>	<p>Combat Identification – the UK priority environment. It will inform the US analysis of alternatives and compare the leading air to ground technologies.</p> <p>The UK Combat ID programme has been established according to OGC best practice, and was subject to an OGC Gateway 0 review in July 2008, which identified no ‘red’ issues to be resolved at this stage.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>technology demonstration in the United States in September 2007 that will help to inform UK decisions on investment in interoperable air-to-ground capability and will explore a more networked approach to Combat Identification.</p> <p>The Department is also reviewing the implementation of its Combat Identification programme to ensure that it conforms to the Office of Government Commerce best practice model for change programmes.</p>	
16	<p>PAC conclusion (ii): Over half of the equipment programmes for Combat Identification have been delayed, deferred or re-scoped during the last four years. A Battlefield Target Identification System will not be available until early in the next decade. Equipments such as Blue Force Tracker and Bowman communications system may improve situational awareness in the meantime, but the inevitable time lag in analysing and collating information from these systems will restrict their potential for positive target identification. The Department therefore needs to develop a timetabled plan for</p>	<p>Improvements in situational awareness through developments such as Bowman will undoubtedly contribute significantly to Combat Identification; but the Department accepts that introducing such capability to provide reliable positive identification in near real time in the complex ground and air-to-ground environments within the foreseeable future is not realistic, given the challenges involved. Target identification systems are likely to remain a pillar of Combat Identification capability. The Department accordingly continues to work on improving target identification systems with a focus on the priority areas of the ground and air-to-ground environments. Technical solutions have been slow to mature and while the Battlefield Target Identification System</p>	<p>The Department keeps its requirements under constant review, including those for Combat Identification capability. Improved target identification systems remain an area of interest, in particular for the priority areas of air-to-ground and ground environments. The Department therefore continues to work closely with allies on a range of potential interoperable target identification technologies that offer improved performance.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>introducing a credible target identification system.</p>	<p>concept was initially seen as promising, it has been clear for some time that such a target identification system would not on its own effectively address the risk of fratricide across the priority areas.</p> <p>The Department has therefore identified, in close co-operation with allies, a range of potential target identification technologies (including the Battlefield Target Identification System) that could provide interoperable solutions across the priority areas. Coherent programmes for credible target identification systems based on interoperable technologies will be considered as part of the Department's routine planning process and, subject to normal scrutiny and prioritisation, timetabled plans will be developed.</p>	
17	<p>PAC conclusion (iii): Progress in procuring the Battlefield Target Identification System has been held up for six years awaiting allies' decisions. The Committee recommended in 2002 that the Department develop methods of co-operation with allies on Combat Identification, but preliminary decisions are yet to be made. The Department needs to reach</p>	<p>The Department accepts that – partly as a result of the technical complexity of the problem – it has taken longer than we would have wished to reach a common position with allies on the technology to be used for the Battlefield Target Identification System. Following active engagement by the Department, the principal allies have now reached consensus on a technical solution. The United States for example now has funding for a programme that is</p>	<p>The Department is keeping closely abreast of the plans of allies, especially those of the United States, for the provision of improved target identification. In particular, the Department is seeking technical clarity on the US plans for improved air to ground target identification, the UK's highest priority environment, to inform the way forward.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>agreement with allies on procuring a system, or introduce, as an interim, a more limited national programme, focusing on the key risk areas such as ground-to-ground combat.</p>	<p>compatible and aligned with the UK's continuing Battlefield Target Identification System programme. The Department currently expects the UK programme to proceed to Initial Gate in early 2008 with a primary focus on the ground environment. Other allies are moving towards acquiring similar capability. Given that the risks associated with the international solution are being overcome, the Department therefore does not intend to proceed with a limited national solution, which would provide no benefit in coalition operations.</p> <p>As indicated in the previous response, the Department continues to work actively with the United States and other allies to reach agreement on technical and procedural solutions for other aspects of the priority areas with current efforts focused mainly on air-to-ground combat. This reflects the increasing emphasis on air-to-ground combat in contemporary coalition operations and that air-to-ground fratricides have historically resulted in greater loss of life.</p>	
18	<p>PAC conclusion (iv): The Department's Senior Responsible Owner on Combat Identification has no budgetary or line management responsibility.</p>	<p>It is the Department's policy that large and complex projects or groups of projects have a Senior Responsible Owner appointed on behalf of and accountable to the Defence Management</p>	<p>Combat Identification programme governance was reviewed by an OGC Gateway Review team in June 2008. No "red" issues were identified although some shortcomings in the formalities of</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>The Department should identify what impact the Senior Responsible Owner has been able to make since the role was established in 2002, and determine whether giving greater management authority would increase the effectiveness of the role.</p>	<p>Board. Although the Senior Responsible Owner may not have full financial or command/line management authority over all those delivering the capability, he or she will be empowered, have a good knowledge of the requirement, be competent to resolve conflicting priorities and be able to exert influence outside traditional management or command chains. This is consistent with Office of Government Commerce guidance.</p> <p>Since the Combat Identification appointment was made in 2004, the Senior Responsible Owner has made a number of important interventions. In particular, he has represented Combat Identification as a discrete and important enabling capability within the Department's planning process, ensuring that proper consideration is given to its priority. He has represented the UK internationally and particularly with the United States as the key ally on Combat Identification. For example, he attended a senior US Army and Marine Corps meeting during a crucial discussion of the way ahead. The Senior Responsible Owner was the focus for UK hosting of the important multinational exercise URGENT QUEST in 2005, which paved the way for decisions on Battlefield</p>	<p>the programme were identified for further action. The review team praised the Senior Responsible Owner for formally initiating the programme using the OGC Managing Successful Programmes model.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Target Identification System technology and is playing a similar role for UK participation in the multinational US-hosted exercise BOLD QUEST in September 2007, which will look at air-to-ground Combat Identification issues. The Senior Responsible Owner is leading the review of the implementation of the Combat Identification programme.</p> <p>The Department believes that the current arrangements for the Combat Identification Senior Responsible Owner role are working well but will keep the position under review as the programme progresses.</p>	
19	<p>PAC conclusion (v): During Operation TELIC the Department produced 60,000 Aide Memoire cards to raise awareness of Combat Identification, but failed to distribute them to front line troops. The Department regretted this failure, which it attributed to more general difficulties with supplies in Iraq. Cards are now given to personnel before deployment. The Department should determine how successful they have been in raising awareness among the troops concerned.</p>	<p>The content of the original Combat Identification aide memoire cards has now been subsumed into the generic All Arms Tactical Aide Memoire to which theatre specific tactical aides memoir are addenda. It is generally very difficult to assess the operational benefit of a specific element of training in a rigorous way, but no incidents of fratricide involving UK forces similar to those that occurred during Operation TELIC in March 2003 are known to have occurred since that time.</p> <p>However, the Department agrees that the scope for assessing the general</p>	<p>Assessing the effectiveness of current Combat ID training and Tactics, Techniques and Procedures is included in Combat ID research and analysis plans and in the Research Priorities for Financial Year 2008/2009.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		effectiveness of tactics, techniques and procedures for Combat Identification should be investigated. This will be pursued by the Senior Responsible Owner for Combat Identification.	
20	<p>PAC conclusion (vi): As the Committee recommended in 2002, the Department has developed a database on the fratricide incidents, but does not collate data on fratricide rates of our allies or on non-combatant casualties. The Department should update the database regularly and expand it to include data on allied fratricide rates and non-combatant casualties. The Committee also recommended in 2002 that the information gathered in the database be analysed and disseminated appropriately within the United Kingdom and to allies. The Department should share the database with our allies to promote greater joint interest in finding effective solutions.</p>	<p>The Department agrees that collating; analysing and sharing information about casualties resulting from fratricide incidents is an important research activity that underpins work on improving Combat Identification capability. The Department maintains research data on fratricide incidents and has participated in international collaborative research on the subject with key allies to promote greater collective understanding of the issues. For reasons explained to the Committee (supplementary memorandum submitted by the Ministry of Defence 27 July 2006), the Department's research data does not include non-combatant casualties.</p>	<p>The Department continues to fund Dstl to maintain a research database to collate information about casualties that appear to result from friendly fire and to participate in collaborative research with coalition allies.</p>
21	<p>PAC conclusion (vii): It took between eight and 28 months to conclude the Boards of Inquiry investigations into the four friendly fire incidents during</p>	<p>The Department accepts that every effort should be made to publish as soon as possible the findings of Boards of Inquiry dealing with high profile cases. Following a recent review of policy, Departmental</p>	<p>Boards of Inquiry, which are conducted by the Armed Forces into deaths and serious injuries and other serious incidents, were replaced by a new system of Service Inquiries on 1 October 2008.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>Operation TELIC, and in one case it was a further 27 months before the findings were made publicly available. There will inevitably be variations in the time taken to complete investigations due to differing levels of complexity and the possibility of criminal prosecutions. But once complete, the Department should make every effort to publish the findings of Boards of Inquiry within one month of the investigation being concluded.</p>	<p>guidance has been issued on the proactive publication of information about the reports of Boards of Inquiry in cases where there is likely to be significant public interest, such as operational and training fatalities or serious injuries and major equipment loss or damage.</p> <p>This guidance responds to the requirements of the Freedom of Information Act 2000 and requires the convening order, terms of reference, findings, recommendations and Convening Authority/Reviewing Authority comments of such Boards of Inquiry to be published as a defined class of information in the MOD Publication Scheme under the Act. The Department therefore expects that Board of Inquiry reports that fall into this category will normally be made available to the general public via the MOD website within two months of completion of the report to allow time to brief the next of kin on its contents and to prepare the report for publication.</p>	<p>The main change made by the Armed Forces Act 2006 is that a single set of statutory rules will apply to all Service Inquiries. New provisions give the Services even greater powers to ensure effective, formal, internal investigations into matters of consequence are carried out. From 1 October 2008, all three Services convene formal Inquiries on the same statutory basis, which has not been the case for Boards of Inquiry. The purpose of Service Inquiries remains essentially the same as that for Boards of Inquiry. Nonetheless, the Department continues to follow the guidance described in the Treasury Minute, which for Service Inquiries is published in the Guide to Service Inquiries (JSP 832).</p>
22	<p>PAC conclusion (viii): It took the Department over six months to inform the Committee that it could not provide information on allied fratricide rates and non-combatant casualties requested</p>	<p>The Department accepts the need for timely responses to requests for information made during Committee hearings. In line with Treasury guidance, the Department will aim to send such follow up information to the PAC</p>	<p>The Department continues to follow Treasury guidance in this area and regards this action as complete.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>at the hearing. The Department should in future provide promised information no later than four weeks after the hearing. Where more time is required, the Department should agree an appropriate timetable for delivery within a week of the hearing.</p>	<p>Committee normally within a fortnight of the hearing. If it is likely to take longer, perhaps because further research is required, the aim is to provide information by a month after the hearing. If additional information needs to be sent later or if it has proved impossible to gather, the Department will inform the PAC Committee as soon as possible.</p>	

Public Accounts Committee Recommendations

Thirty Fourth Report (2006/07) Recruitment and Retention in the Armed Forces

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
23	<p>PAC conclusion (i): There are shortfalls of personnel in all three Services. In April 2007 the shortfall was 5,850 and the Armed Forces as a whole were of 3.2 per cent under strength.</p>	<p>The Department accepts the conclusion of the Committee. The current shortfall is higher than we would wish. In part, this is a result of current restructuring work where strengths are falling before corresponding decreases in manning requirements. The Department recognises the importance of taking the necessary steps to address the shortfall, and has action in place.</p> <p>All three Services are carrying out a range of activities to increase recruitment. The Royal Navy (RN) is examining more flexible approaches to the employment of its manpower and developing an Integrated Recruitment and Retention Strategy to foster higher levels of retention. In future Naval recruitment staff will work more closely with regional commanders to raise awareness of the Royal Navy and its career opportunities. The Army recruiting organisation has initiated the One Army Recruiting (OAR) change programme, which will provide a more efficient and effective recruiting process across both the Regular and Territorial Army. The Royal Air Force is</p>	<p>As at 1 April 2009, the shortfall of Full time trained personnel was 4,940 a shortfall of 2.8%. At the end of the financial year the RN was 0.1% outside manning balance; the Army was 0.5% outside manning balance and the RAF 2% outside manning balance.</p> <p>As previously reported, the Department and the single Services fully recognise the importance of reducing this shortfall and continually take steps to address recruitment and retention issues.</p> <p>Recent surges in bespoke recruiting activity have raised the level of intake into the untrained strength.</p> <p>Current indications are that the level of interest in careers in the Armed Forces will continue to rise over the next 12 months and we are poised to exploit the increased levels of interest.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		already seeing some success from the recent marketing campaign, which has resulted in an increase in both officer and airmen recruits.	
24	PAC conclusion (ii): The increasing frequency of deployments on overseas operations and time away from home are factors causing people to leave the Armed Forces.	<p>The Department partly accepts the Committee's conclusion. There are many reasons why people leave the Services each year and these are dependent on age, rank and personal circumstances. It is true that one of the reasons given in the NAO survey for leaving was 'time away from home' (around 35 per cent of those surveyed cited this as a reason) and frequency of deployments (again approximately 35 per cent). However this needs to be balanced against one of the main satisfaction factors of job security. Over the last 10 years voluntary outflow rates taken across the Services have fluctuated only marginally year on year. However, the Department continues to monitor the situation carefully.</p> <p>The Department's recruitment and retention levels compare favourably with the public and private sector and other parts of the public sector. The Chartered Institute of Personnel Development Report on Recruitment and Retention Turnover 2006 gave turnover for the Production Industry at 8.2 per cent compared with the MOD's 5.2</p>	<p>There are many reasons why people leave the Services each year and these are dependent on age, rank and personal circumstances and the Department continuously monitors the views of Service personnel on a broad selection of retention issues, principally through Continuous Attitude Surveys.</p> <p>Recruitment and retention levels continue to compare favourably with the public and private sector. The Chartered Institute of Personnel Development Report on Recruitment and Retention Turnover 2008 gave turnover for the Production Industry at 8.7% compared with the MOD's Other Ranks rates of: RN – 6.2%, Army 5.8% and the RAF – 5.6%.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>per cent. It suggests that the Armed Forces are good at keeping their people, which is particularly important as we have limited opportunity to recruit laterally, unlike other employers. Through the Continuous Attitude Surveys (CAS), the Department monitors Service personnel's views on a raft of retention issues.</p> <p>The buoyancy of the job market will inevitably exert a degree of 'pull' on people's decision to leave the Services and individuals with particular skills, such as qualified pilots and communications engineers, will always be in demand. However, the Professional Aviator and other financial retention initiatives (FRIs) for RAF aircrew are good examples of targeted retention policies.</p> <p>A number of measures are also being implemented to manage better the time between deployments, such as the Royal Navy's Rebalancing Lives initiative, which was introduced in 2002. The Army is seeking, where appropriate, to contractorise Regular Army Assistance to Training (RAAT) tasks, to reduce support to training tasks and minimise equipment maintenance without having a detrimental effect on Army outputs. Meanwhile the</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>RAF has increased the Military Provost Guard Service to reduce the guarding task for RAF regular personnel, increase the employment of short term contract manpower to cover pressure points, reduce the number of un-established commitments and place new focus on conditions of service and work life balance.</p>	
25	<p>PAC conclusion (iii): There are indicators of overstretch in specific areas, such as severe shortfalls in personnel in some specialist trades, such as nurses, linguists and Leading Hands, and the routine breaking of harmony guidelines.</p>	<p>The Department accepts that there are shortfalls in some specialist trades and that they are stretched. A Manning Pinch Point Steering Group meets quarterly to review manning figures and to initiate action to alleviate pressure on pinch point trades. Measures implemented range from reviewing current establishments, mobilising Reserves, seeking assistance from the other two Services, rank ranging appointments and extending engagements to considering a financial retention incentive.</p> <p>Before a Financial Retention Incentive can be considered, a thorough manning review is required. This examines all the issues surrounding the population, their causes and potential financial and non-financial solutions. FRIs will be recommended by AFPRB as part of a comprehensive financial and non-financial package upon which the MOD is</p>	<p>This work is continuous and there is nothing to add. The Department regards the recommendation as now closed.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		required to provide annual progress updates.	
26	<p>PAC conclusion (iv): Financial incentives have met with some success in retaining people in the short term, but several key factors for people leaving, such as workload, inability to plan ahead outside work and the impact on family life, have not been addressed sufficiently.</p>	<p>The Department accepts the conclusions of the Committee, and welcomes their conclusion.</p> <p>However, it should be acknowledged that while our Forces are heavily committed there is going to be pressure on certain areas. The Department has expanded its research programme through the development of Valuing and Investing in Service Personnel (VISP) and the Armed Forces Continuous Attitude Survey (AFCAS) in order to understand better the reasons for people leaving and to apply appropriate measures to encourage them to stay. A wide range of measures is in place to improve retention including: career management, improvement to conditions of service and work/life balance, extensions to normal engagement lengths, commitment bonuses and targeted Financial Retention Incentives.</p>	<p>The Service Personnel Plan encompasses a broad range of projects which link into the many personnel initiatives which affect all aspects of military life from reducing wastage during New Entry training, improving Terms and Conditions of Service, providing better support to families, improving single and families accommodation, through to caring for our injured personnel and veterans. The “Nation’s Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans” (Cm 7424) published in July 2008, articulated a wide range of new measures that will complement the existing provisions. It will address both the disadvantages imposed by service life on our people and their families and the circumstances where service justifies special treatment.</p>
27	<p>PAC conclusion (v): The Department lacks information on the costs of its recruitment and retention measures and has performed limited investment appraisal on its range of financial incentives.</p>	<p>The Department accepts the conclusions of the Committee.</p> <p>The Department, in conjunction with the three Services, has revised the policy guidance for all future FRI submissions. In future, each case will contain details of</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>key performance indicators, comprehensive details of the issue and details of the post project evaluation to be completed. In addition, these will include cost benefit analyses to quantify the benefits achieved in each case. The new Joint Personnel Administration system will provide a better source of management information.</p>	
28	<p>PAC conclusion (vi): The Department does not have a long-term strategy to ensure a steady supply of highly qualified specialist personnel especially where there are shortages.</p>	<p>The Department does not accept the conclusion of the PAC. The Service Personnel Plan, which was introduced in 2006, provides a structure for the prioritisation and delivery of Service personnel policy over the next 15 years. It reflects the challenges and opportunities that the operational environment, demographic changes and the changing expectations of personnel and their families present to the MOD. Under the auspices of the Service Personnel Plan, work is underway to ensure the effective delivery of financial and non-financial conditions of service to achieve the recruitment, retention and motivation of sufficient, capable individuals to meet manning requirements. In addition work is underway to develop a retention positive and coherent Armed Forces Terms and Conditions package, which initially will focus on proposals for more flexible working arrangements.</p>	<p>Complete - The Department now considers this to be ongoing routine work incorporated in the Service Personnel Plan and single Service manning priority plans.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
29	<p>PAC conclusion (vii): Short term cuts in recruitment have had long term impacts on manning levels which are almost impossible to recover from and appear to have more money to mitigate in the long run.</p>	<p>The Department partly accepts the conclusions of the Committee. The Department recognises the need to learn from lessons from the past, including the decision to slow Royal Navy recruiting in the mid-1990s in response to 'Options for Change'. The RAF has applied these lessons to its recent reductions, using careful management of normal outflow and redundancy to meet the reduced target while still maintaining a steady flow of new recruits. Around £3 million of additional marketing funding was expended to raise the profile of RAF careers and remind potential recruits that despite the RAF reducing in size, many rewarding career opportunities remain.</p> <p>Despite the restructuring process, recruiting was good in 2006-07 with the Service intake up by 1,210 (6.7 per cent) on their achievement in the previous year. Over recruiting in certain areas is used where possible, but rescheduling training and using temporary facilities limits the extent to which this can balance out shortfalls.</p>	<p>Complete - The Department considers this to be part of its day-to-day work.</p>
30	<p>PAC conclusion (viii): The Department sets annual targets for recruitment but they do not take account of the need to fill in some of the gaps resulting from</p>	<p>The Department does not accept the conclusion of the Committee. The Department routinely adjusts its annual recruitment targets to take account of the previous year's performance and other</p>	<p>Complete</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	previous recruiting shortfalls.	<p>forecasts. Annex 34.1 illustrates this point.</p> <p>A number of initiatives have been introduced to deal with earlier shortfalls. The Royal Navy, for example, have developed a scheme to speed up promotion for General Service Ratings who joined in the mid-90s. Other measures being considered include, lateral recruitment, Recruiting Bounty Scheme Golden Hellos for new recruits and Transfer Bonuses for Service personnel from other trades. The In-service Training Total (ITT) targets are calculated annually to allow for past performance and are balanced against our training schools capacity in any one-year.</p>	
31	<p>PAC conclusion (ix): Nine out of ten of the Army's top ten officers were educated at independent schools, whilst three quarters of Army scholarships in 2006-07 went to students from independent schools.</p>	<p>The Department accepts the conclusions of the Committee. However, a more balanced insight can be gained from a breakdown of officers from this year's intake of the Advanced Command and Staff Course. See Annex 34.2.</p> <p>This course is designed to provide selected officers with a broad understanding of the full range of operational and management issues across Defence as preparation for potential promotion to the senior ranks. It</p>	Complete

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>is a highly competitive course and only the top 10 per cent of OF3 & 4s (Major or Lt Col equivalents) of each Service are selected; it is designed to capture the very best in each service who have the potential to achieve the highest ranks. The majority of entrants (around 56 per cent) to the Royal Military Academy Sandhurst are now from the State Sector.</p>	

Public Accounts Committee Recommendations

Thirty Sixth Report (2006/07) Reserve Forces

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
32	<p>PAC conclusion (i): All of the Volunteer Reserve Forces face significant shortfalls in manpower from some 16 per cent in the Territorial Army to some 36 per cent in the Royal Auxiliary Air Force.</p>	<p>The Department accepts the Committee's conclusion. Since these figures were published, the manning position has improved considerably. Major efforts, by all three Services, supported by appropriate resources, are underway to address the manning shortfalls and many of the Committee's recommendations, such as improving the training and support available for Reservists, have been successfully implemented.</p> <p>The Royal Navy Reserves (RNR) is now on course to meet its projected manning levels, the Royal Marine Reserves (RMR) position has now started to improve and is now increasing in strength, and Royal Auxiliary Air Force (RAuxAF) recruiting has improved since the position last year. For the Territorial Army (TA), who made up a large majority of the Reserve Forces, 2006 was the best manning year since 1999, and the Department continues to closely monitor TA manning levels. A new programme to incentivise ex-Regulars to join the Volunteer Reserves was announced in August 2007.</p>	<p>The Department continues to actively progress manpower shortfalls through recruiting initiatives; many of these are fully integrated with Regular recruiting activities.</p> <p>Full Time Reserve Service has proven to be popular and over 2200 personnel are currently serving, many in operational areas. All three Services have reported an improvement in their Volunteer Reserve manning situation; this is particularly marked in the RAuxAF</p> <p>The Strategic Review of Reserves, published on 28 Apr 09, sets down the proposition of what a Reservist is offered in return for the likelihood of mobilisation and the commitment of risking life and limb. Strategic Recommendation 3 highlights that '<i>Training is pivotal to the Proposition. The delivery of training should be overhauled to make it more relevant, consistent and correctly resourced.</i>' This is backed by detailed recommendations, of which 42 will be taken forward immediately by an implementation team, many of which</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
			address manning, and in particular retention. An enhanced proposition and better training should also improve retention when fully implemented.
33	PAC conclusion (ii): People have been joining the Territorial Army despite failing basic fitness tests.	<p>The Department accepts the Committee's conclusion. While most recruits who join the TA meet our basic fitness requirements, if individuals do not, and their potential is recognised, they are given a training programme and encouraged to try again when they have improved their level of fitness. Many join the Reserves because of the opportunities offered there to develop their fitness but, conversely, research indicates that fitness is a barrier to others. There can be a perception that people believe they are "not fit enough" to join the Reserves. The Department believes that rather than losing potential recruits, it must strike the right balance between fitness on entry and potential.</p> <p>In line with the conclusions of the Report, to look creatively as ways to increase the options available for those wishing to join. The <i>Armyfit</i> website, which offers free tailored on-line fitness programmes, was launched in February 2007, and has received nearly a million unique visitors. Of these, over 4,000 have gone on to complete an online application form to</p>	Complete - Following the conclusion of a trial in Northern England and Scotland all TA selection will be to a common standard by 2013.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>join the Army – Regular or TA. However, great care is taken to ensure that all Reservists who are mobilised for service on operations meet a prescribed level of fitness commensurate with their role in theatre, and the Department takes precautions to ensure Reservists and Regulars alike are fit to operate in demanding environments such as those of Afghanistan and Iraq. Where individuals fail their pre-deployment tests, they are given time to undertake further training to improve their fitness levels to ensure they are prepared properly to deploy. Individuals may be stopped from deploying where they are unable to meet the required fitness standards in the time available.</p>	
34	<p>PAC conclusion (iii): The Department does not know if, on operations, Reservists are more likely than Regulars to experience fitness problems which require evacuation back to the United Kingdom.</p>	<p>The Department accepts the conclusion of the Committee. Since the report's publication, the situation has improved considerably. The Royal Marine Reserve achieve the same levels of fitness as their Regular comrades before deploying on Operations. TA personnel are required to take and pass Military Annual Training Test Level 2, and on deployment are required to meet Level 1 – the same standard as Regulars.</p> <p>The Department does necessarily deploy some members of the TA on operations,</p>	<p>Complete - The Training Review Board continues to mitigate the risk presented by the few individuals who cannot achieve the required fitness levels.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>who cannot do this, having been accepted 'at risk' by the receiving formation. This can only occur where the individual Reservist has been judged and assessed by a Training Review Board, which includes representation from the Receiving Unit. This Board mitigates the risk, and ensures that the Commander of the receiving Unit is aware of it. No one, who fails this Board, is deployed. In most instances, this occurs when the individual has essential skill sets, such as a surgeon whose role is judged to be less physically demanding than that of a frontline soldier and the Department is therefore able to accept a lower level of fitness in order to ensure their vital skills are available.</p>	
35	<p>PAC conclusion (iv): On routine training and on pre-deployment training, Reservists are not being given the opportunity to train alongside Regulars, nor with the equipment they will use on operations.</p>	<p>The Department agrees with the Committee's conclusion. Since the report was developed, the Department has introduced a number of steps to implement the NAO's recommendation encouraging greater synergy between regulars and reservists deploying on operations. The majority of those deploying on operations are now given the opportunity to train alongside their Regular colleagues. Every effort is made to ensure that mobilised Reservists get the same opportunities as Regulars, but by the nature of some specialisations and</p>	<p>Tri-Service pre-deployment training is regulated by J7 PJHQ ensuring quality and concurrency. Reservists deploying to operational theatres receive exactly the same training as regulars if time permits. This training will include all equipment that they will use on operations should it be available in the UK. Normal Reservist training continues to be integrated with Regular training where practicable; however the majority of reservist training is carried out by the Reservist chain of command or Regulars who are posted to Reserve units for a full career post.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>the mobilisation process itself, there may still be times when some individuals are unable to train with the Unit that they will serve with.</p> <p>Where practicable, integrated training takes place alongside Regulars. For example, 40 Commando RM recently deployed on Operation HERRICK (Afghanistan) with nearly 80 Reservists, mostly RMR, who are being mobilised for 12 months in order that they are fully trained and integrated into the Unit. They were mobilised in April, and having completed their training, deployed to Afghanistan in October.</p> <p>Reservists are issued exactly the same personal equipment as the Regulars on mobilisation.</p>	<p>Improving integration of Regulars and Reservists is a key part of the Strategic Review of Reserves. Strategic Recommendation 4 is designed to address this issue, '<i>Command and control, principally in the Territorial Army (TA), should be clearer to deliver the necessary purpose, greater flexibility of use and better integration.</i>' There are also detailed recommendations which will be taken forward immediately by an Implementation Team</p>
36	<p>PAC conclusion (v): The Royal Naval Reservists rarely go to sea, as the Reserve is increasingly confined to force protection duties.</p>	<p>The Department accepts the conclusion of the Committee. Following the NAO report's publication, the RNR have implemented the Reserves Integration Project, which addresses the terms and conditions of service needed to provide a flexible career path between the Regulars and the Reserves. Fundamental to this is the alignment of branches and skill sets.</p> <p>The Royal Navy is working to ensure that all RNR Recruits will go to sea within 18 months of joining, and RNR's provide</p>	<p>The Royal Navy Reserve (RNR) continues to provide extensive support to maritime exercises at sea, and the enduring commitment to force protection of Royal Fleet Auxiliaries and minor warships, in the Arabian Gulf, has grown substantially since the report was published. As stated in the last update, small numbers of RNR personnel have also been serving at sea in posts which otherwise would have remained vacant due to the shortage of Regular Service personnel.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>extensive support to Exercises at sea, such as the recent NOBLE MARINER, when many specialist billets in the Embarked Maritime Headquarters were filled by RNR.</p> <p>On Operations, apart from individual deployments, the General Service Seaman (Reserve) branch has an enduring commitment to Force Protection for the Gulf Royal Fleet Auxiliaries for the next two years. This requires around 30 Reservists to be deployed at any time.</p>	
37	<p>PAC conclusion (vi): A number of Reservists have valuable civilian skills, which are not systematically utilised at present.</p>	<p>The Department accepts the conclusion of the Committee. In line with its recommendation, the Department is developing a method of capturing the civilian skills of Reservist based on the Office for National Statistics' Standard Occupational Classification, and it is the Departments ambition to incorporate this facility onto Joint Personnel Administration (JPA is the new Tri-Service defence personnel administration system). Separately, the RNR already operates a civilian skills database.</p> <p>Where operationally necessary, a Commander may make full use of a Reservist's civilian qualifications and skills (and as the Committee heard this</p>	<p>The Department continues to develop a method of capturing Reservist civilian skills, which is being aligned with the nascent Defence Skills Framework initiative which is due to deliver in 2012. A civilian skills database is currently scheduled to reach Initial Operational Capability in Nov 09, as part of the ongoing JPA change programme.</p> <p>The Strategic Review of Reserves identified the use of Reservists' niche skills as part of Strategic Recommendation 2, which highlighted that '<i>...Defence should also establish a mechanism to maximise delivery of niche capabilities across the Reserve.</i>' This will be taken forward by the Implementation Team.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>was the case in the early stages of Operation TELIC in Iraq). It must, however, be understood that many Reservists join up to undertake duties and skills that would normally not be available to them in their civilian life. Current policy, taken from "Future Use of the UK's Reserves", published by DRFC on 7 February 2005, is that "<i>We will not mobilise a Reservist to take advantage of his or her civilian skills if he or she joined to serve in a different role, except with the express agreement of the Reservist and his or her employer.</i>" The policy ensures that unless there is a clear operational necessity for a particular skill or trade, a Reservist will not be mobilised solely on the basis of their civilian skills.</p> <p>This recognition is vital if the Department is to maintain relationships with both the Reservist and their employer. The Department is aware of the vital support given by employers to the functioning of the Reserves, and it would be unwise to jeopardise this by laying itself open to accusations of getting skilled personnel 'on the cheap' by appearing to take trained staff from an employer.</p>	<p>In addition, the Reserve Forces and Cadets Division of the MOD Central Staff is engaged with the cross-Government Stabilisation Unit to develop the Reserves contribution within Military Assistance to Stabilisation and Development operations.</p>
38	PAC conclusion (vii): Reservist personnel have not been receiving prioritised medical	The Department partially accepts the conclusions of the Committee. While mobilised, all Reservists are entitled to	The provision of prioritised medical treatment for Reservists injured on operations continues to be identical to

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>treatment for either physical injury sustained on operations or for mental health problems, which develop post-mobilisation.</p>	<p>the same access to medical treatment as Regulars; that includes access for physical injury and / or illness and mental illness. At the time of their demobilisation, Reservists have the opportunity to declare medical problems and undergo medical examination.</p> <p>The Reserves Mobilisation and Training Centre at Chilwell, where most reservists are demobilised, has access to rapid MRI scans through the Tri-Service Regional Rehabilitation Unit at RAF Cranwell to obtain definitive diagnosis for musculo-skeletal problems. Access is provided within 10 days of request. Medical Officers at Chilwell then have rehabilitation services on site to treat musculo-skeletal conditions and have accelerated access to the Ministry of Defence Hospital Unit Host Trusts in the same way as regular soldiers for all specialties. However, many Reservists choose to return home for referral. Under these circumstances, they will be treated along NHS timelines based on clinical need. Where medical issues are identified prior to demobilisation, the period of mobilisation can be extended to continue to treat the soldier until he is well enough to return to civilian life. Once demobilised reservists medical support is provided by</p>	<p>that for their Regular counterparts. Noting the low take-up of the Reserves Mental Health Programme, the communication of its availability and benefits to reservists and medical practitioners was reinvigorated during 2008.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>the NHS.</p> <p>For Reservists with mental health problems, it is long established that once they are demobilised, medical care becomes the responsibility of their own local NHS primary care trust and the majority of Veterans' physical and mental health needs are met by these provisions. However, the MOD recognises that it has an expertise to offer in certain specific circumstances, and in November 2006, it launched a new initiative – the Reserves Mental Health Programme (RMHP). The RMHP is open to any current or former member of the UK Volunteer and Regular Reserves, who has been demobilised since 1 January 2003 following an overseas operational deployment as a reservist, and who believes that the deployment may have adversely affected their mental health; take-up for this programme has been low thus far.</p>	
39	<p>PAC conclusion (viii): The welfare support most used by Reservists and their families is provided by their Reserve unit, but not all units have dedicated welfare resources.</p>	<p>The Department accepts the Committee's conclusion. Since the Report was published, much has been done to improve the support available for the families of mobilised Reservists along the lines recommended by the Committee, and the Departments aspiration is that support available to Reservists and their families, when a Reservist is mobilised,</p>	<p>The Strategic Review of Reserves identified the importance of welfare support as part of Strategic Recommendation 7, that '<i>Defence should review Terms and Conditions of Service (TACOS), removing complexity and administrative barriers between the Reserves and Regulars.</i>' There are five detailed recommendations on welfare,</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>be no different to that offered to Regular personnel.</p> <p>As examples of the improvements made, Reserve Units can now mobilise personnel specifically for welfare duties when personnel from that Unit are mobilised – depending on the circumstances of the Unit involved. Once around 20-30 Personnel are mobilised, the Unit will be automatically authorised to mobilise others to support them, and their families at home. Also, the Single Point of Contact scheme is being extended to cover the families of mobilised Reserves, as well as Regulars, on Operations.</p>	<p>which will be taken forward by the Implementation Team</p>
40	<p>PAC conclusion (ix): The Department has made some major decisions about the future of the Reserve Forces, yet does not know what they cost.</p>	<p>The Department accepts the conclusion of the Committee and has fully adopted its recommendations.</p> <p>Work is well advanced on a project aimed at improving the cost information the Department has available on the Reserves by initiating a detailed study of the costs and outputs of Volunteer Reserves. A report is due by the end of 2007 – the Department hopes this will aid future balance of investment decisions relating to the Reserves.</p>	<p>The report of the cost of Reserves was delivered, and informed the Strategic Review of Reserves, which has included more information on costs. The Department regards this recommendation as complete.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
41	<p>PAC conclusion (x): The Department monitors and collects information on areas of diversity such as race and gender, but not on the socio-economic or educational background of its Reserve personnel whether on recruitment or promotion.</p>	<p>The Department accepts the conclusion of the Committee.</p> <p>The intention is to record such information in future, but this will require substantial amendment to the Joint Personnel Administration system, and will therefore take some time to implement.</p>	<p>This work remains in the JPA change programme and is a long-term project.</p>

Public Accounts Committee Recommendations

Forty Sixth Report (2006/07) Ministry of Defence: Major Projects Report 2006

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
42	<p>PAC conclusion (1): The Department's Review of 20 of its largest projects cut their forecast costs by £781 million, but £448 million of this expenditure did not result in a saving to the Department as a whole as it was transferred to other budgets. The Department will have to forgo other – so far unspecified – activities, which might otherwise have been financed from those budgets. As an integral part of any further reviews, the Department should quantify the opportunity cost to the recipient's budget of having to absorb such transfers of expenditure, and the impact on their continued ability to plan and deliver the capabilities originally expected from those budgets.</p>	<p>The Department accepts this conclusion.</p> <p>The principle applied to the transfers was to ensure that costs were allocated in such a way that the performance of individual project teams in controlling direct project costs could be effectively measured, for example maintaining defence-critical industrial capability, in accordance with the Defence Industrial Strategy. This generally cannot be controlled at an individual project level. Other costs, not directly related to delivery of the project, were transferred to other lines where it made sense to manage them and where any necessary trade-offs could be made to live within our means. In making these decisions the Department took full account of the potential impact on the receiving area and will continue to do so. Where such instances arise in the future the Department will take steps to ensure any opportunity cost is quantified.</p>	<p>Complete. The Department continues to allocate costs to the most appropriate budget lines, adjusting budgetary provisions where appropriate.</p>
43	<p>PAC conclusion (2): The Department has made investment decisions based upon inaccurate forecasts.</p>	<p>The Department broadly accepts this recommendation. As part of the Defence Acquisition Change Programme a number of measures are being put in place to ensure the</p>	<p>Complete - Independent assessment of major projects and both Commercial Scrutiny and Due Diligence capabilities are formally embedded within the</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>Such decisions should be contingent on the outcome of an expert independent assessor’s examination of the technical, financial and commercial maturity of the major projects and the likelihood they will deliver military benefits anticipated, similar to the examination conducted on the Future (Aircraft) Carrier.</p>	<p>technical, financial and commercial maturity of major projects. These include requiring all major projects to provide evidence that cost estimates have been created or verified by suitably expert organisations independent of the project and that independent technical advice has been obtained from an agreed expert source. “Independent” in this context need not mean external to the Department; this will be dependent on the nature and scope of the project.</p> <p>In addition, the Department has established a due diligence unit to examine the commercial maturity of major projects before contract award. Projects with an “adverse” rating will not be permitted to proceed to contract and will be referred back to the Department’s internal approving authorities.</p> <p>The Department agrees with this conclusion. The Defence Industrial Strategy (DIS) has provided a catalyst for the assessment of the industrial capability necessary to support submarine design and build activities. The establishment of the Astute Key Supplier Forum (KSF) is evidence of the resultant good working practices being developed between Department and Industry. These are already bringing benefit to the Astute programme through innovative design solutions and improved collaboration. Importantly these benefits will flow through to the Successor programme.</p>	<p>Department’s approval processes.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>The KSF is very much an active, joint engagement strategy, regularly reviewed and constantly alive to suggestions regarding more efficient ways of working. In addition, within our wider key supplier management and supply network processes, the Department is monitoring the supply chain for existing and potential weaknesses, to assess to project and cost implications, and develop mitigating strategies. This improved, constructive and open dialogue is building a common understanding of risks and opportunities, enabling a better understanding of the cost of industrial sustainment across the submarine design and build enterprise. The Department plans to do the same for others areas of capability.</p>	
44	<p>PAC conclusion (3): The cost increases and delays on the Astute Class submarine project in part stem from failure to preserve the submarine supply chain. The Defence Industrial Strategy, introduced in December 2005, provides a framework against which to make judgements on the sustainment of critical industrial capabilities. The Department should routinely quantify the cost implications and operational benefits of</p>	<p>The Department agrees with this conclusion. The Defence Industrial Strategy has provided a catalyst for the assessment of the industrial capability necessary to support submarine design and build activities. The establishment of the Astute Key Supplier Forum (KSF) is evidence of the resultant good working practices being developed between Department and Industry. These are already bringing benefit to the Astute programme through innovative design solutions and improved collaboration. Importantly these benefits will flow through to the Successor programme.</p> <p>The KSF is very much an active, joint engagement strategy, regularly reviewed and constantly alive</p>	Complete

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>sustaining critical defence capabilities for individual projects. The Department will also need to apply the learning from the Astute project in planning for a successor to the nuclear deterrent.</p>	<p>to suggestions regarding more efficient ways of working. In addition, within our wider key supplier management and supply network processes, the Department is monitoring the supply chain for existing and potential weaknesses, to assess to project and cost implications, and develop mitigating strategies. This improved, constructive and open dialogue is building a common understanding of risks and opportunities, enabling a better understanding of the cost of industrial sustainment across the submarine design and build enterprise. The Department plans to do the same for others areas of capability.</p>	
45	<p>PAC conclusion (4): The Government has announced plans to embark on a major project to build a successor to the nuclear deterrent, which is estimated to cost in the region of £19 billion and take up to 18 years. Many of the cost overruns on older projects have been due to over-ambition in the original design and a failure to properly understand and budget for costs. The Department will need to apply the learning from Astute to this new project, including how to realistically plan and use Computer-Aided Design,</p>	<p>The Department agrees, but provides the following clarification. The White Paper <i>The Future of the UK's Nuclear Deterrent</i> gave initial procurement cost estimates in the range of £11-14 Billion (at 2006-07 prices), and a timeline of 17 years to design, manufacture and commission a new class of submarines. The programme has just entered the concept phase during which cost estimates will be refined and detailed programme plans will be developed. Clearly these plans will need to draw heavily on lessons learned from the Astute programme. In particular, the programme will work to a construct that is similar, but not identical, to the arrangements in place for the successful Vanguard programme.</p> <p>The role of Design Authority will revert back to the MOD to provide both a better balance between</p>	Complete

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>keeping to the required timescale in the design and build cycle; and using new methods of construction pioneered in the United States of America.</p>	<p>risk and major investment decisions, and to use the technologies developed through the Astute programme where possible to reduce the risks associated with introduction of the new class. Finally, work with the United States of America will continue, as outlined in an exchange of letters between Mr Blair and President Bush in December 2006, including building on progress made through Astute to further refine submarine design and build processes.</p> <p>The Department accepts this recommendation. Since formation of Defence, Equipment and Support (DE&S) organisation on 2 April 2007, a range of additional HR flexibilities have been delegated by the Department to enable this. These include the ability to promote, in a limited number of cases, Team or senior Project Leaders, in situ. This delegation, based on both individual merit and achievement, provides continuity and stability at critical stages within a project. Minimum tour lengths are now agreed for DE&S staff on appointment to projects in order to better manage personnel succession planning, staff retention and provide greater stability in project management.</p> <p>DE&S seeks to undertake active career management intervention. This provides for the managed advancement of key staff and conversely, where performance is not judged acceptable, individuals are provided with opportunities that better match their skill sets.</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Poor performance is not tolerated.</p> <p>DE&S is piloting a Reward and Recognition strategy to further enhance and link improvements in business performance with the effectiveness, and hence efficiency, of Business Units, Teams and the individual.</p> <p>DE&S seeks to share learning and best practice with a range of other Government Departments. As an example, DE&S is represented at a senior level at the HR Director's Forum (South West).</p>	
46	<p>PAC conclusion (5): Key staff are neither held to account for a project's failure, nor rewarded for its success. The Department will now promote staff in post to retain vital skills, and continuity at key stages of projects, or move staff on in the case of failure. The Department should document its approach and how it will measure success, so as to evaluate the expected benefits against the outcomes; and it should share its learning with other government departments.</p>	<p>The Department accepts this recommendation. Since formation of Defence, Equipment and Support (DE&S) organisation on 2 April 2007, a range of additional HR flexibilities have been delegated by the Department to enable this. These include the ability to promote, in a limited number of cases, Team or senior Project Leaders, in situ. This delegation, based on both individual merit and achievement, provides continuity and stability at critical stages within a project. Minimum tour lengths are now agreed for DE&S staff on appointment to projects in order to better manage personnel succession planning, staff retention and provide greater stability in project management.</p> <p>DE&S seeks to undertake active career management intervention. This provides for the managed advancement of key staff and conversely, where performance is not judged</p>	Complete

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>acceptable, individuals are provided with opportunities that better match their skill sets. Poor performance is not tolerated.</p> <p>DE&S is piloting a Reward and Recognition strategy to further enhance and link improvements in business performance with the effectiveness, and hence efficiency, of Business Units, Teams and the individual.</p> <p>DE&S seeks to share learning and best practice with a range of other Government Departments. As an example, DE&S is represented at a senior level at the HR Director's Forum (South West).</p>	
47	<p>PAC conclusion (6): The Department has not received a share of the gains on the restructuring of the Skynet 5 satellite communications deal. It is also doubtful whether the gain achieved by the contractor, Paradigm, is balanced by the increased risk Paradigm was taking on under the restructured deal. Rather than relying on theoretical models and contractor assurance, the Department should determine the share of the gains to which it is entitled.</p>	<p>The Department accepts the need to determine the share of the gains to which it is entitled. However the restructuring of the Skynet 5 satellite communications deal was not about financial gain versus risk, nor was it about refinancing per se. Appraisal work carried out showed that the threshold for the Department to receive any gain would not have been reached at the restructuring juncture. No money was retained by the company following the restructured finances. It was all placed into the new deal, to aid overall affordability, in pursuit of decreased risk to service provision, through satellite launch loss.</p>	Complete

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
48	<p>PAC conclusion (7): The Department has not always sufficiently understood the capabilities of its key suppliers, to act as an intelligent customer. The Department should build on its Key Supplier Management initiative and work with suppliers to identify areas where more joint training and skills development would help develop a stronger shared ethos and mutual understanding.</p>	<p>The Department accepts that joint training gives MOD and industry staff the chance to learn together and formulate common understanding of key concepts. The Defence Industrial Strategy indicated a desire to see more joint acquisition education with industry through the Defence Academy. Overall there has been a marked increase in joint interactions, aided by a range of marketing initiatives, including the publication of the Guide to Acquisition Training and Education (GATE) setting out all the courses available; but greater participation from industry is still welcomed.</p> <p>Within the Defence College of Management and Technology (DCMT), industry participation is increasing in its Technical Employment Training, coaching and people development, and longer-term educational programmes including the Defence Acquisition Management MSc, Programme and Project Management MSc and the MBA (Defence). In addition, the Department and DCMT are developing new courses, including a new Defence Strategic Commercial Programme, to be run at Shrivenham in January 2008. Industry is also benefiting from the formation of Defence Acquisition Learning, as a new component of DCMT, which offers over 150 courses and is able to respond to special industry requirements.</p>	Complete.

Public Accounts Committee Recommendations

Sixty First Report (2006/07) Managing the Defence Estate:

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
49	<p>PAC Conclusion (1): More than half of single living accommodation and over 40 per cent of accommodation for families does not meet the Department's definition of high-quality accommodation and is therefore substandard. The Department needs to prioritise upgrades to the 138 houses at the lowest Standard 4 and then to the 2,000 Standard 3 houses, irrespective of location. Occupants should be offered the opportunity to move to other accommodation for the duration of works, including rented accommodation. The Department should not allow any more housing to fall into Standard 4.</p>	<p>It is accepted that much of the Service Families Accommodation (SFA) and Single Living Accommodation (SLA) is below the top standard. The Department recognises the scale, importance and sensitivity of the need to upgrade and improve Service accommodation. Considerable investment in accommodation has therefore taken place in the last 6 years, which has led to 20,000 new SLA and 12,000 upgraded SFA. Given the numbers of properties involved (71,000 SFA and 165,000 SLA worldwide) and the legacy of decades of under-funding, this task will inevitably take time to complete. However, as part of the Comprehensive Spending Review, £550 million was ring-fenced for the upgrade of housing and other living accommodation over the next three years.</p> <p>So far as SFA is concerned, the Department has identified a 10-year upgrade programme based on an anticipated investment of £38 million for 2008/09 and £48 million per annum thereafter. This represents a planned increase of over £20 million in 2008-09 and £30 million a year thereafter.</p>	<p>The Housing Directorate no longer allocates SFA categorised as Standard 4 for Condition (S4fC). As at Aug 08, the NAO found there was a legacy of 71 families occupying S4fC properties, all of whom have been offered the opportunity to move to SFA of better condition. The NAO reported that there were 104 properties at Standard 4.</p> <p>Data supporting the Department's revised Condition Survey (the subject of the Written Ministerial Statement on 17 Mar 09) shows 353 houses are now assessed as being at Condition 4, an increase of 249 over the NAO (Aug 08) figure. The majority of these houses are categorised at Standard 4 due to the electrical criteria. Further analysis is being undertaken. Any properties which have now fallen into Standard 4 will be reviewed in line with the Department's policy that families are not obliged to live in the worst standard properties.</p> <p>By March 2012 there should be no properties in UK at either S3fC or S4fC. We are aiming to bring that date forward as far as possible within the funding</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>on previously planned levels of investment. It will be targeted at areas of greatest need first – principally houses in the two lowest standards for condition plus houses which are needed urgently because of unit moves – thus the unit cost of the early upgrades will be relatively high. In addition to the 5,500 upgrades completed over the last three years, the programme will deliver 600 upgrades in 2007-08 and 2008-09 and up to 800 per annum in subsequent years.</p> <p>Unless the work is of a minor nature it is normal for it to take place when the property is unoccupied as this avoids any inconvenience to the family. If that is not the case and the occupants are content, the Department offers wherever possible temporary accommodation while the work is being carried out. In addition to upgrading properties, around £32 million is being spent during 2007-08 on improvements such as new kitchens or bathrooms which, while not sufficient to fully upgrade a house to the next level, will make a significant contribution to the quality of life of the occupants. The current funded upgrade programme will ensure that no Service families will need to be housed within Standard 4 accommodation by April 2009.</p>	<p>available.</p> <p>637 upgrades to SFA were achieved in FY 07/08. 600 properties were upgraded in FY 08/09 and the target is 800 in each year thereafter. In parallel, a 'Strategic Facilities Plan (SFP)' will provide upgraded kitchens and bathrooms across the estate; which will not amount to a formal upgrade of the property, but will materially improve the quality of life for occupants.</p> <p>Since 2003, the Department has improved some 30,000 SLA (through SLAM, other projects and major PFIs) and it is planned to deliver a further 30,000 by 2013. Funding has been allocated in the programme for a further phase of SLA upgrading in the five years to 2018. Recent Project SLAM deliveries include Catterick Garrison, Leaconfield, Pirbright, High Wycombe, Leeming and Lymstone.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Turning to SLA, the Department has committed an additional £80 million to the Single Living Accommodation Modernisation project (SLAM) over the next three years (2008-09 to 2010-11). This is in addition to the £335 million already announced for SLAM Phase 2. Since 2003, the Department has improved some 20,000 SLA (through both SLAM and other projects and major Private Finance Initiatives). These upgrades include the recent opening of 452 single en-suite bedrooms at Tidworth, 144 new bed spaces at the Duke of Gloucester Barracks South Cerney and a further 96 bedspaces at RAF Wittering. It is planning to deliver a further 30,000 improved bed spaces by 2013. Funding is in place for a further phase of SLA upgrading in the five years to 2018.</p>	
50	<p>PAC Conclusion (2): Poor accommodation for single personnel and for families has a negative impact on retention but the impact on retention rates of upgrading accommodation is poorly understood. The Comptroller and Auditor general concluded in previous work that it is more cost effective to retain personnel than to recruit and train replacements. The Department</p>	<p>The Department is very well aware that there is a link between the quality of accommodation and retention. This is tested as part of the annual Tri-Service Continuous Attitude Survey (CAS), which features a series of questions on accommodation to establish its influence on the intention to stay or leave the Armed Forces. Although accommodation does not normally feature within the top four reasons to leave, the CAS is a constant reminder of the importance the Armed Forces place on</p>	<p>The Department is aware that previous work has shown there is a link between the quality of service accommodation and retention. This is monitored by the Armed Forces Continuous Attitude Survey which monitors the opinions of Service personnel on accommodation. In addition, this year we plan to conduct a series of focus groups of Single Living Accommodation occupants that will include questions intended to test this relationship. It is not possible to show a</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>should investigate the relationship between the quality of accommodation and retention rates, to assess how far extra investment to achieve a swifter improvement in the condition of housing could be expected to be offset by savings in recruitment and training costs.</p>	<p>decent accommodation. That is why we will be spending over £8 billion on accommodation in the next 10 years. It is not, however, possible to show a direct link between additional investment in accommodation and reduced recruitment and training costs because there are too many other factors, which might influence the latter.</p>	<p>direct correlated link between any spending on accommodation upgrades and its effect on retention due to the number of factors, both within and outside the Department's control, that lead to the personal decisions made by the Service person.</p>
51	<p>PAC Conclusion (3): Service personnel and their families who are living in the worst accommodation do not know when their housing will be upgraded. As it works to improve substandard accommodation, the Department should publish detailed programmes of the houses and single living spaces it intends to upgrade well in advance to give Service personnel and their families more information.</p>	<p>The Department programmes upgrading of housing over a two year rolling programme and publishes this to the Armed Forces. Residents on housing estates within the programme are informed as soon as possible and, as the programme is refined to minimise disruption to occupants, individuals are given at least three months advance notice of work through local meetings involving representatives from DE and Modern Housing Solutions (the Housing Prime Contractor). By April 2009 no Service personnel should be housed in Standard 4 accommodation. The Department also has identified a 10-year investment programme for service housing of £38 million for 2008-09 and £48 million per annum thereafter. Information about work to be carried out on SLA is provided to Service personnel through the chain of command.</p>	<p>Defence Estates has introduced a communications trial for the Upgrade and Strategic Facilities programme. This will improve communications with all stakeholders by means of letters to occupants. The Department has also piloted the use of a communications strategy on an upgrade project in High Wycombe, under which occupants were consulted and their views taken into account.</p> <p>This is aimed to improve communications with all stakeholders via regular progress briefings given at site meetings, updates posted on site notice boards, and on the DE Housing Website, as well through mail-shots.</p>
52	<p>PAC Conclusion (4): There are significant gaps in the</p>	<p>The Department fully accepts that more work is needed to understand the cost of</p>	<p>The Department has now implemented a revised Asset Physical Condition</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>Department's understanding of the cost of its estate and it still has no effective way of knowing where funding is needed most. The Department should improve its understanding of the costs of maintaining and running its estate. In particular, it should:</p> <p>a) develop a deeper knowledge of the costs which lie with the three Services and other internal customers, including funding for Minor New Works and the overheads of Customer Estate Organisations and Site Estate Representatives; and</p> <p>b) implement Integrated Estate Management Plans for all defence sites, compiled according to a standardised methodology.</p>	<p>the estate, so that there can be no doubt where funding is needed most. DE has been asked to capture the data lying within the three Services and other internal customers, which will lead to improved visibility and understanding of estate information. This work will be completed by September 2008.</p> <p>The completion of standardised Integrated Estate Management Plans (IEMPs) for all MOD sites is a very high priority and good progress is being made. As of September 2007, 60 per cent of MOD sites had formally agreed IEMPs in place. IEMPs at all other sites remain at the draft stage and it is anticipated that all MOD sites will have an authorised IEMP by March 2009.</p> <p>As a major step in providing greater clarity on the estate overall, the Department will be producing, in early 2008, a Defence Estate Development Plan (DEDP). The Plan will set out the first framework, looking forward to 2030, for the coherent development of the estate to meet the future needs of defence, and the priorities for investment and rationalisation arising from it. Decisions and actions emanating from the management of the Plan will be notified to the appropriate Command chains to ensure personnel are</p>	<p>Methodology in line with Industry standards that on an asset by asset basis will assess the current physical condition against target condition, identifying any specific faults, the cost of rectifying those faults and the impact of correction on the future condition score.</p> <p>This information is included in an updated Estate Planning Tool (EPT v.3.1) that now forms the basis of the standardised estate management plans enabling units along with industry partners to maximise the impact of maintenance funding. DE has oversight of this data and coordinates prioritisation of spend in discussion with the TLBs.</p> <p>As part of the implementation of EPT 3.1 all Station estate staff will have updated training on EPT and IEMPs. Revised IEMPs based on the new methodology are being drafted. Final IEMPs are now anticipated to be completed by end of Jun 09. IEMPs are be endorsed by local estate staff, Customer Estate Organisations and the unit commander to ensure coherence between local needs and Departmental planning objectives.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		informed accordingly.	
53	<p>PAC Conclusion (5): The Department had to spend an additional £20 million in its contract with Modern Housing Solutions after underestimating the work required to maintain family accommodation. With better management information, the backlog could have been identified earlier, and the cost would almost certainly have been less.</p>	<p>The payment of £20 million reflected the poor condition of family accommodation encountered at the beginning of the contract and the need to maintain more houses than originally assumed. The Department accepts that better management information should have been available in respect of the condition of family accommodation. It has put in place a full condition survey, which is complete in Scotland and will be completed in England and Wales by end of June 2008. The Department is confident that the contract is now properly funded to maintain all family accommodation across England and Wales. However a further assessment will be made when the housing condition survey is complete.</p>	<p>The data from the full condition-based asset survey of SFA in England and Wales is being validated and compiled into a database. Collection of data is substantially complete and the remaining properties will be surveyed by April 2010. Initial results were published as a Written Ministerial Statement on 17 Mar 09. This greatly improved management information will enable work to be correctly prioritised.</p>
54	<p>PAC Conclusion (6): In 2006–07 £13.5 million of planned maintenance work was deferred in response to budget cuts, whilst the resurfacing of tennis courts and the construction of sports pitches went ahead. If the Department has to make cuts to the budget for the defence estate in future, it should consider planned maintenance together with other projects and target cuts at the lowest priority work. The Department should</p>	<p>The Department accepts that better co-ordination is required in future and new processes have been implemented since the NAO report was written. However, the Department believes that it is right that the Armed Forces should be able to spend some of their resources on their highest estate priorities. Sporting facilities are often considered a high priority because physical fitness is vital to the effectiveness of Service personnel on operations. Leisure facilities, including sports pitches, are also essential to team building and morale. In</p>	<p>Although the need to defer work because of in-year budget cuts has not recurred, the improved availability of estate condition data through EPT and units' IEMPs will ensure that deferrals are targeted at the lowest priority work. The last Departmental planning round has included cuts of around 2% pa to the overall funding available to Regional Prime Contracts. Work is currently underway to ensure that these measures impact only on the lowest priority work and do not impact on the</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>develop a funded plan for the completion of the deferred work, so it can hold contractors to their contractual obligations on the overall condition of the estate, and avert long-term damage to the buildings.</p>	<p>2006-07, deferrals and injections were managed in liaison with customers who set their own priorities for the estate. Service accommodation was specifically excluded from any such reductions. Of eight sports facilities considered, each case was fully supported by a business case and only four actually had work carried out.</p> <p>The Department is developing an Estate Planning Tool, which, together with asset condition information and simplified processes, will enable better targeting of resources in future. The Department is working with its suppliers to ensure that last year's cuts will have no impact on the suppliers' ability to deliver their contractual obligations. The over-arching priority is to ensure that operational commitments are properly supported.</p>	<p>condition of living accommodation for service personnel or their families.</p>
55	<p>PAC Conclusion (7): Defence Estates and the centre of the Department received almost no advance warning of the Minor New Works projects that the three Services and other internal customers ordered in 2006-07. As a result, expenditure on the estate could not be planned, prioritised and programmed in an effective way. The three Services and other internal customers of Defence</p>	<p>The Department fully accepts that the arrangements for planning Minor New Works (MNW) have been inadequate. It has introduced new procedures to address this conclusion. These have ensured that an agreed programme of MNW for 2008-09 was produced by the end of December 2007. DE will cost and secure confirmation of funding from Customer Estate Organisations by April 2008 with programme delivery and cost risks held by DE after that date. Lessons learned from</p>	<p>New procedures for the programme management of MNWs are in place with key annual milestones of: provision of the programme (Dec); costing information (Apr – Jun); and delivery (by end Mar). There has already been a measurable improvement in performance. In 2007/08, 35% of MNWs were priced by Jun, itself an improvement over the previous year, but in 2008/09 76% were priced by the same date. The introduction of a</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>Estates should develop funded lists of Minor New Works well in advance of each financial year to allow Defence Estates to prioritise these projects effectively, and to build sensible and cost-effective programmes of work.</p>	<p>this work are being studied by both DE and the internal customers. Improvements to the processes will be introduced for the following year as required.</p>	<p>Master Programme which will record all programmed MNW and their progress through the project stages from identification to physical completion (including financial transfers) will provide a coherent source of key information for management purposes. Further development of a web enabled Master Programme during FY 09/10 will facilitate more easily accessed and up to date information.</p>
56	<p>PAC Conclusion (8): The Department employs only 56 per cent of the safety works staff and 57 per cent of the quantity surveyors that it needs on its estate. The Department is exposing itself and its employees to significant Health and Safety risks whilst the lack of quantity surveyors impairs the scrutiny of project contracts. The Department should:</p> <p>a) establish the specific risks arising from current skills shortages and put in place measures to mitigate these risks;</p> <p>b) see how other public and private sector organisations overcome similar skills shortages and adopt</p>	<p>The Department accepts that there are skills shortages of specialist staff within DE and that action is required to correct this. Although a number of measures have been put in place, the Department is still suffering from similar levels of vacancies. To address the real concerns that the Committee have highlighted, a number of mitigation measures have been adopted including Estate Professional and Talent Management Schemes. DE is using more expertise available both with its supplier community and by using additional external resources. The Committee recognised that the Department is introducing a graduate recruitment scheme to address these concerns in the longer-term.</p> <p>A review of other public sector organisations has indicated similar recruitment problems in these specialist</p>	<p>Defence Estates carried out a bulk recruitment campaign in 2008/09 to address shortages of quantity surveyors and in April 09. The outcome of the earlier campaign was not as successful as had been hoped in part because of issues with the corporate external recruitment process. This is now under review at Departmental level. Whilst DE still faces a shortage of H&S staff in some areas, our contractors continue to take the major responsibility for H&S and performance is better than the industry average. Specific risks arising from skills shortages are monitored by the DE Executive Committee and mitigating action is in place for each. DE has improved its internal processes for managing vacancies and external recruitment.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>successful practices; and</p> <p>c) allow sufficient pay flexibility to attract appropriately skilled staff to fill the empty posts.</p>	<p>areas and out sourcing at a significant cost has been used. Pay levels in the private sector for these scarce skills are, however, significantly higher than those available within the Department. Other ideas are being considered, including the use of special payments in respect of these specific skills.</p>	<p>The current downturn in the construction industry may have a positive impact on recruitment in a number of specialist skill areas.</p>
57	<p>PAC Conclusion (9): The Department's pilot project at RAF Kinross showed that implementing energy saving measures at its defence sites would bring environmental benefits and recurring financial savings of more than £2 million annually. The Department should implement energy-saving measures on the sixteen sites it has already identified as soon as possible and should roll out similar work at all its other sites, starting with those that consume the most energy.</p>	<p>The Department is already implementing this recommendation. The Kinloss project focused on improved Building Energy Management Systems. The lessons from this work have been widely promulgated. Three sites, RAF Brize Norton, RAF Lossiemouth and RAF Halton are progressing Building Energy Management System projects at a total cost of £670,000 with projected annual energy and carbon savings of £538,000 and 1092 tons carbon respectively. Many other schemes are under consideration.</p> <p>Building on the Kinloss experience the Department has put in place for 2007/08 an additional £5 million fund specifically for energy projects. As at 21 November 2007, 31 energy improvement projects are being taken forward this Financial Year to a value of £3.8 million. For this investment we are predicting an energy bill saving of £1.5 million every year and an annual reduction in carbon</p>	<p>To coordinate energy activities, the MOD has set up a Central Programme Office for energy within Defence Estates which co-ordinates activity on behalf of the Senior Estate Development Group, chaired by the Director Estate Development, Defence Estates and made up of Top Level Budget Holders representatives. In addition, each of the Top Level Budget Holders is required to appoint a Renewable Energy Champion at a senior level in their department to drive improvements forward and secure funding. The Department has committed capital to fund energy "spend to save" projects. In the two years that the central fund has been available, 51 projects have been approved spending some £8.9M, with estimated savings of £2.8M a year and emissions reduction in the order of 21,600tCO₂.</p> <p>As part of this work three Building Energy Management System (BEMS)</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>emissions of 4044 tons. Of these 31 projects, a total of 17 involve heating-related Building Energy Management Systems projects, which include a further phase of work at RAF Kinloss and the work at RAF Brize Norton, RAF Lossiemouth and RAF Halton.</p> <p>To encourage innovation further, and build on the lessons learned at RAF Kinloss, we have incentivised the Regional Prime Contractor in the South West through a partnership arrangement to cut energy consumption by 10 per cent across 10 Royal Navy and Royal Marine sites. If successful, the initiative will be applied to other parts of the estate.</p>	<p>projects are now in progress at RAF Brize Norton, RAF Lossiemouth and RAF Halton at a cost of £670,000 with projected annual energy and carbon savings of £538,000 and some 4,000 tCO2 respectively.</p> <p>We have incentivised the Regional Prime Contractor in the South West to cut energy consumption by 10 percent across 10 Royal Navy/Royal Marine sites. Over the 18 month trial period this scheme has realised cost savings of £750k and reduced consumption by 19million KWh saving 2,400tonnes CO2 . Work is in hand to develop a model that could potentially be rolled out to other regions.</p> <p>We are using the Defence Related Environmental Assessment Methodology (DREAM), or where applicable the Building Research Establishment Environmental Assessment Model (BREEAM), to ensure energy efficiency is incorporated into new buildings and refurbishment projects. In addition we are focussing data management, audit activity and investment onto the top 220 energy consuming sites, which account for some 76% of MOD's non operational</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
			<p>energy consumption.</p> <p>To incentivise reductions across the estate, including the top 220 sites we have, in addition to the SOGE targets, applied a 15% energy efficiency target for 2010/11 against a 2004/05 baseline. Respective energy budgets will be progressively reduced in line with this target from 2008/09.</p> <p>We are rolling out Smart automated electricity and gas metering across the estate with the initial focus being on the top 220 sites and are confident that this service will generate savings by better informing decisions through the provision of reliable data and effective monitoring.</p>

Public Accounts Committee Recommendations

Eleventh Report (2008/09) The United Kingdom's Future Nuclear Deterrent Capability

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
58	<p>The Department's existing cost estimates do not provide an accurate baseline against which to measure progress. The forthcoming revised cost estimates should distinguish between future deterrent costs and the general overheads of the submarine industrial base, and provide clarity as to how the Department intends to deal with VAT, inflation and contingency.</p>	<p>The Department accepts that at the time of the PAC hearing (November 2008) the cost estimates were not sufficiently developed to provide accurate baseline. This was to be expected nearly one year prior to the Initial Gate investment decision. Since then work has continued on developing the cost models and the Department is on course to have a robust (and independently assured) cost model to support Initial Gate in Autumn 2009. The cost model will distinguish between the direct costs of the future deterrent and the general overheads. As overhead costs are typically apportioned across multiple projects, the deterrent cost models consider the overhead costs across the whole of the submarine industrial base in order to assess the costs, which should correctly be attributed to future deterrent.</p> <p>In accordance with the Department's approvals process, the initial gate business case will state how VAT, inflation and contingency will be handled. The Department has currently assumed zero rating will apply to the submarine</p>	<p>Cost modelling work continues in order to inform the Initial Gate Business Case which will be considered by the Investment Approvals Board in Autumn 2009.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>platform in the same way it currently applies to the Astute programme, whereas other elements of the programme (such as infrastructure at Faslane, Coulport and Devonport, Command and Control Infrastructure, and nuclear warheads) may possibly incur VAT. The actual tax treatment cannot be determined until nearer the time the contracts are placed and the precise manner in which we will procure the programme elements has been determined.</p> <p>The costing model will provide detailed inflation indices to be used for each category of expenditure (for example: labour, materials and construction), thereby allowing a full analysis of the effects of inflation on the programme. Uncertainty and risk will be incorporated into cost estimates in the usual way. The Department will, via the Future Deterrent Management Board, maintain oversight of costs across the programme and take action where required to control costs, for example by making design trade-offs where necessary.</p>	
59	<p>In September 2009, the Department has to make key decisions about the submarine design which will have implications for the procurement and</p>	<p>The Department long ago decided that the cost model should be subjected to independent scrutiny and in October 2007, following a competition, the</p>	<p>Independent assurance was commissioned in Oct 2007 and will continue up to the Initial Gate submission.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>support costs of the programme for decades to come. Given the importance of these decisions, the Department should commission independent validation of the assumptions underpinning its cost models and assess the reasonableness of its estimates using historic trend analysis.</p>	<p>Department commissioned Deloitte to provide ongoing independent validation and challenge of the design of the cost model and of the cost inputs and assumptions that underpin that cost model. Deloitte’s work will culminate with a formal assessment of the cost model, which will be incorporated into the Initial Gate Business Case. Deloitte will also apply past experience and lessons learned from other major acquisition projects in providing their opinion as to the reasonableness of the cost estimates.</p> <p>This work is supported by assurance activity conducted by the Department’s cost assurance team. This team, who are independent of the Future Submarine delivery team, will also conduct an independent cost estimate to provide a benchmark. Other benchmarking activity includes cost estimates provided by the US Government and UK industry. A historic trend analysis is also being conducted by the Department to assure the reasonableness of its estimates. The outcome of this activity will be presented at the Initial Gate decision point.</p>	
60	<p>Suppliers to the submarine industry constitute a highly specialised industry sector, with a number of monopoly</p>	<p>The Department agrees that achieving value for money will be challenging given the number of monopoly suppliers in the</p>	<p>Work continues to ensure that value for money is achieved through strategic engagement with industry</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>suppliers. Given this imperfect market environment, value for money will be hard to achieve. The Department should specify exactly how it will ensure it obtains value for money from its suppliers and set out performance indicators for the programme, against which it will report to Parliament.</p>	<p>sector. The overall approach will need to be one of partnering with a clear understanding of where risk can and cannot be transferred and clear demonstration of value for money. At the strategic level, the Department has established a steering group with representatives from HM Treasury and the Shareholder Executive to support the commercial work and the driving of value for money from monopoly suppliers.</p> <p>Internally, the programme will be subject to the usual approvals process, with funding only being released once value for money has been demonstrated. Central to this is the Future Deterrent Value Book, a comprehensive document that clearly identifies 15 key tenets of value¹. The Value Book will set out the strategy for delivering through life value for money through the management of the programme and its commercial / procurement activities. The key areas of value are clearly documented and updated regularly to demonstrate progress and delivery of value. These are:</p>	<p>and through the creation of the value book.</p>

¹ Should Cost Modelling, Benchmarking, Risk, Commercial Data, Post Costing & Robust Audit, Rationalisation, Asset Rationalisation, Portfolio Analysis, Core Programme, Terms & Conditions, Cost Allocations, Commercial Constructs, Long Term Partnering Agreements, Incentivisation, Through Life Capability Management.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<ul style="list-style-type: none"> • Should Cost Modelling & Benchmarking – The Department will seek to set its budget lines based on much more rigorous cost modelling which has been informed by robust benchmarking and should-cost modelling; • Commercial Constructs – The Department will work with Industry to introduce commercial constructs best suited for the complex nature of the programme and the industrial landscape; • Incentivisation – The Department will develop appropriate incentivisation mechanisms to help deliver our key requirements for each phase; • Project Controls & Performance Management – The Department will implement and maintain strong control over the programme using an Earned Value Management (EVM) system, complemented with robust Governance and Assurance processes; and • Contractual Terms & Conditions – The Department will ensure that Value for Money principles are better reflected in all contracts and that there is provision for the on-going evidencing of VfM through-life. 	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>This process is a path-finder project that forms part of Director General Industrial Relations' "New Business Model" which is being developed to demonstrate the delivery of value for money.</p> <p>The Department has committed to providing an annual cost report to Parliament, which will contain a cost comparison between the programme and the initial estimates contained in the White Paper, and will draw on the analysis within the Value Book. The first report will be presented to Parliament by the end of the year.</p>	
61	<p>The United Kingdom's new submarine will incorporate an American-supplied missile compartment. As the current Vanguard fleet will go out of service in the 2020s, the United Kingdom's programme is running ahead of the United States' programme. The United Kingdom will therefore have to make key design decisions on a replacement submarine before the United States. Given the unavoidable dependence on the American programme, the Department should analyse the lessons from other projects where the Department has been dependent on the United States for critical elements</p>	<p>The Department agrees that the UK will have to take decisions on submarine design in advance of the US and that relevant lessons from other projects involving critical elements of technology supplied by the US should be incorporated in the programme. Discussions have been held with the Joint Combat Aircraft team to identify whether relevant lessons exist and the Strategic Weapons team, which has close liaison with US staff, is located within the same cluster as the Deterrent team facilitating knowledge transfer. Key project staff regularly attend learning from experience events within the Department. Clear</p>	<p>Work continues to identify relevant lessons and to ensure close collaboration with the US.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>of technology. The Department should use this analysis to inform the development of its proposed communications plan.</p>	<p>communication with the US will be critical to managing this risk, however the UK has a long history of effective cooperation with the US on deterrent matters, underpinned by key treaties (the 1958 UK/US Mutual Defence Agreement, and the 1963 Polaris Sales Agreement as modified in 1982 for Trident).</p> <p>As a result of these formal Treaties there is a much closer relationship between our two countries on issues across the nuclear piece than on many other technologies. The Department is therefore satisfied that the Treaties provide effective channels for ongoing cooperation. Greater clarity has also been given by the recent announcement by the US Government that it intends to formally commence the programme for the replacement of the Ohio class submarines in 2010.</p> <p>At a more detailed level, the establishment of a Joint Project Office in the US and the secondment of US officers to the UK project team are key mitigations activities. The decision to enter into a joint programme with the US on the Common Missile Compartment (CMC) is illustrative of the way in which key design decisions can be agreed</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>despite the different stages of the UK and US's programmes. The design of the CMC is a key driver for the overall configuration for the submarine and agreeing a common missile tube size will ensure that any successor to the D5 missile will be compatible in UK submarines.</p>	
62	<p>Given the lack of time contingency for the submarine construction programme, some overlap between the design and production phases of the programme is likely to be necessary. The Senior Responsible Owner needs to set out how he will trade between the risks and opportunities involved in managing overlaps, and agree an explicit change management mechanism with other departmental teams and commercial partners at the outset of the project to deal with emerging difficulties in a timely manner.</p>	<p>The Department agrees that there must be an explicit change management mechanism. Overlapping design and production phases is not something, which is unique to the future submarine programme – it is a characteristic of most complex engineering programmes in defence or elsewhere. Whilst non-overlapping programmes reduce certain risks by requiring that designs are fully mature before manufacture commences, the longer timescales also increases the risk of obsolescence. Modern engineering design and manufacture tools (including the use of 3 dimensional modelling and simulation) and programme management methods enable the risk of overlapping project phases to be effectively managed.</p> <p>The Department has taken account of overlapping phases in developing its procurement, commercial and approval strategies and these will ensure that effective governance is exercised at key</p>	<p>Complete. An appropriate change management mechanism has been implemented by the project team. Balance of Investment decisions continue to be discussed at the Future Strategic Deterrent Management Board and at the Programme Board.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>programme decision points.</p> <p>In accordance with programme management best practice, the Department will have a clear change management process within the design team to ensure that changes to specifications are managed carefully. This process, which will be managed jointly with the Department's commercial partners, will operate across the engineering disciplines/functions and will ensure that the cost, time and performance impact of all significant changes is understood before the change is approved by the appropriate authority.</p>	
63	<p>The programme's Senior Responsible Owner role still does not conform to Office of Government Commerce guidance. The Department should review what prevents it moving to an arrangement which conforms more closely to Office of Government Commerce guidance and set out ways to redress the current shortfall as part of its Initial Gate submission.</p>	<p>The Department believes that the current governance structures are robust enough to ensure the effective delivery of this programme. The Senior Responsible Owner (SRO) is well resourced to fulfil his duties, is able to discharge all of the responsibilities of an SRO described by the OGC and all key stakeholders are represented on the Future Strategic Deterrent Management Board. Establishing an SRO who has line management responsibility for all those involved in the programme (which include representatives from other departments) is not practical given the range of stakeholders involved in this programme.</p>	<p>The SRO continues to exercise appropriate governance of the future deterrent programme through the Future Strategic Deterrent Management Board.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>However, the SRO does have direct access to the Permanent Secretary to escalate issues should that be necessary.</p> <p>The Deterrent programme was subject to an OGC-led independent Gateway Review in July 2007. The Review made no recommendations on the SRO arrangements then in place, and noted that the arrangements being considered for the future, which included the occupant of the Director General Equipment (now renamed as Director Equipment Resources) acting as SRO were 'credible' and within the 'latitude' available for reconfiguring the SRO role. Nonetheless, the Department recognises that there is an issue of balance around the current arrangements which may change as the programme progresses, and will continue to keep these arrangements under review to ensure that they remain appropriate in line with current and emerging OGC guidance.</p> <p>In addition, the authority of the Deterrent SRO is likely to be reinforced by work currently underway under the direction of the 2nd Permanent Secretary aimed at clarifying and supporting the responsibilities and authority of SROs within the Department, in line with OGC</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		guidance and best practice.	
64	<p>The Senior Responsible Owner does not have direct line management responsibility for some Programme Board members and must therefore work in part by influence and consensus. The Department is confident that it can align incentives and reward good behaviour when individual Programme Board members have conflicting priorities. However, it did not explain persuasively how it would achieve this goal and should clearly set out how this can be done.</p>	<p>All stakeholders on the Future Strategic Deterrent Management Board have the shared goal of introducing the successor in time and on budget to maintain a credible deterrent system and the behaviour of all members of the Board is aligned to achieving this goal. The governance process has been shown to work effectively by the decision to participate in the CMC, which has removed many of the uncertainties about key submarine and missile design parameters.</p>	

Public Accounts Committee Recommendations

First Report (2008/09) - First Report Defence Information Infrastructure

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
65	<p>Implementation of the DII Programme is running 18 months late against the latest completion date estimated at contract signature, and a further increase in the rate of rollout of terminals is necessary even to meet the Department's new deadlines. If the new deadline for completion of Increment 1 implementation by the end of January 2009 is missed, the Department should revise its target rollout rate downwards to a more realistic level for remaining increments to avoid any further inconvenience and wasted effort on the part of staff at sites preparing to receive the system.</p>	<p>The Department accepts this recommendation however is pleased to report that the completion of Increment 1 was achieved in mid-February 2009 within a few weeks of the planned date. This provides confidence that the next key milestone, the rollout of 100,000 Increment 1 and 2a terminals, remains on target for end December 2009. During 2009 the Programme will implement the rollout of DII at its main headquarters – delivery to the Main Building in Whitehall began on 3 February following a successful pilot in October 2008 and Navy HQ at Whale Island began on 19 January following a successful pilot in September 2008. The Permanent Joint Headquarters (PJHQ) at Northwood, Air Command High Wycombe and the completion of the migration at Land HQ Wilton, will be achieved by October 2009.</p>	<p>The Increment 1 and 2a delivery milestone will be largely met by the end of December 2009.</p>
66	<p>The longer it takes to complete the implementation of DII, the greater the risk that one or more of the Department's legacy systems will fail. The Department should ask ATLAS to start to monitor and report regularly on the health of legacy systems. Detailed</p>	<p>The Department accepts this recommendation and recognises fully that it must maintain the momentum of the DII programme to enable the earliest retirement of legacy systems, which are less capable in performance terms and in countering today's threats. In the meantime, and in comparison to performance prior to transfer, relatively</p>	<p>The programme is actively planning to close legacy systems as soon as possible. Awareness of all legacy IT systems and the costs associated with operating them are continually monitored. This information feeds directly into the delivery of Increments 1 and 2a. It will also inform the delivery</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>plans for each legacy system should be developed, setting out:</p> <ul style="list-style-type: none"> • the work needed to maintain the viability and performance of the system over time; • an estimate of the latest date on which a decision will need to be taken about commencing upgrade work to prevent system failure; and • estimates of the likely cost of a major upgrade. <p>The development of these plans should be funded through the 5% management fee paid to ATLAS.</p>	<p>good performance levels are being reported on those systems that are being maintained by ATLAS, prior to their replacement by DII(F). ATLAS notifies the Department of any service support and delivery issues either impacting or liable to impact novated legacy services. To date expenditure has been limited to replacing critical equipment deemed as beyond economic repair and separate hardware maintenance initiatives for out of warranty hardware. Furthermore, ATLAS has been able to use spare hardware between systems in order to restore service to users.</p> <p>One of the determining factors in the programme of work and migration of legacy systems onto DII is the viability and performance of these legacy systems as they approach the end of their service life. DII is a benefits driven programme and provided the Department follows through with its current deployment plans for the remaining terminals which have yet to be put on contract, then there will be no need for any major work on those legacy systems. The MOD and ATLAS have a joint team focussed on closing any outstanding legacy systems and equipment, while ensuring that the essential business needs of the units concerned are met through the capability provided by DII and any associated applications.</p>	<p>sequence of Increment 3a.</p>
67	<p>To date, users of DII have expressed low levels of satisfaction with the new system, despite the major enhancement to functionality that the Department</p>	<p>The Department accepts this recommendation and is currently in the process of developing a new and comprehensive survey strategy that will</p>	<p>User comments continue to be utilised in the Service Improvement Plans.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>believes DII to be delivering. The Department should examine what the underlying causes of dissatisfaction are, covering issues such as the ease of transferring to DII, the adequacy of training and the user-friendliness of the system. Once it has identified where there are problems, it should address them swiftly to avoid permanent damage to DII's credibility among the user community.</p>	<p>address, among others, the points raised by the PAC. It will work with individual business units to align local user surveys with a centrally run annual survey to ensure engagement with all user populations.</p> <p>Using users comments to date from initial surveys, the Department and ATLAS instigated a programme of Service Improvement Plans (SIPS), as part of an overall extant programme of continuous improvement, that respond, to specific observations of the DII system. These plans are jointly owned and managed at a senior level in the partnership. Where concerns have been raised these have been addressed by local ATLAS support teams when necessary or, more usually, through the DII Single Point Of Contact (SPOC) help facility. More generic issues have, via the SIPS, been corrected and incorporated by ATLAS into the overall programme as appropriate.</p>	
68	<p>The first military unit is to receive the deployable version of DII at the start of 2009, a deadline that cannot easily be moved because it uses planned periods of unit military training to induct personnel in the use of the DII system. The DII Programme team should keep commanders in the field informed about progress against this deadline to minimise disruption in the event of delay and, in tackling any slippage that</p>	<p>The Department accepts this recommendation. It has performed well in ensuring that the risks to the programme as a result of delays are managed by using robust management and governance structures to reduce their impact and probability of re-occurring. The NAO conducted a detailed review of the management and governance structures of the DII Programme and the results were positive and illustrated how relationships and engagement have remained strong even in the face of</p>	<p>In Afghanistan, OVERTASK continues to provide vital command and control capability at the operational level to Op HERRICK. Similar support was also provided to support deployment in Op TELIC, whilst this operation continued.</p> <p>The Front Line Commands remain fully engaged in the development of the deployable DII capability</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>occurs, should not cut the time available to train military personnel in how to use the system.</p>	<p>difficulties. These structures will continue to be utilised to ensure all the required elements of capability including training continue to be appropriately resourced and managed particularly in the area of the deployable DII F capability where synchronization with operational tour plots and communications with the Department's Front Line Commands is critical.</p>	
69	<p>The Department has more than half of the Programme left to deliver but has already spent £334 million of the £528 million risk funding with which it was provided. The Department should identify where the money it has spent on mitigating and addressing risks has been most effective and use this to inform its future spending in order to make the best use of the £194 million risk funding that remains.</p>	<p>The Department accepts this recommendation. The Department recognised that the majority of the risk associated with the design, development and initial work on the rollout of DII would need to be addressed in the early phases of the programme, and contingency funding was profiled accordingly. With consistently higher rollout rates and the release of more capable software now being achieved, the Department's confidence that the programme can be delivered in line with estimates is increasing as roll-out progresses.</p> <p>The Department will continue to manage its risk carefully and provide visibility of the risk being carried via its executive boards and in each Business Case submission. Interventions to mitigate risk will continue to be made visible at the Strategic level to Programme Boards. Risk Management is a continuous part of the DII programme. A Joint Risk Panel oversees this process and a senior weekly joint Risks and Issues Board ensures mitigation actions are being effective in delivering the programme.</p>	<p>Complete. The Department remains satisfied that the programme's risk management and appropriate mitigation remains effective and acceptable</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
70	<p>The Department has secured sufficient funding to deliver 140,000 of the Programme's requirement of 150,000 terminals. It needs to find savings through more efficient use of funding to deliver the vision of creating a single information infrastructure. An important way of achieving savings will be the use of legitimate means of reducing payments made to ATLAS, where the consortium's performance has not met the terms of the contract. The Department should keep a record of each month when Key Performance Indicators have not been met or measured in the way stipulated in the contract and should either reduce payments to ATLAS immediately or use this information to maximum effect in future commercial negotiations. It should also maintain detailed records of costs incurred by other Departmental programmes as a direct result of the delays in implementing DII and use these in future commercial negotiations.</p>	<p>The Department accepts this recommendation and maintains a complete monthly record of key performance indicators (KPIs). It has, and continues to, apply contractual abatements as appropriate when these are not achieved. The Department also maintains records of those KPIs that have not been measured in the way stipulated in the contract and uses this in commercial negotiations. It is also putting in place processes to capture costs incurred by other Departmental programmes as a direct result of the delays in implementing DII and will use these in commercial negotiations on DII going forward.</p> <p>The Department has collected cost information where there are clear identifiable dependencies of major IT systems e.g. JPA/DII. This was done through the examination of GFA dependencies across the two programmes. Where a single contractor is involved in two or more dependent programmes, but which are commercially unrelated, pressure can be and is brought to bear through the project teams and processes that exist such as the Defence Supplier Relationship process to assist in making sure the individual contractors understand the views of the Department, our expectations in terms of their behaviours and the responsibilities they have across their portfolio of business with the MOD.</p>	<p>Complete. The Department continues to measure the performance of ATLAS and apply abatements as appropriate.</p>
71	<p>On the basis of totally inadequate research, the DII Programme made a</p>	<p>The Department accepts this recommendation and acknowledges that it</p>	<p>Rollout rates and steady implementation is being maintained.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>major miscalculation about the condition of the buildings into which the new system would be installed, with serious consequences for the delivery of the Programme to time. The Department should, for all future projects and programmes, conduct a thorough analysis of the dependence of the delivery of the project or programme on all other areas of activity, including requirements related to the estate and to training. Where accurate information is not available, assumptions should be prudent and cautious.</p>	<p>underestimated the readiness of the Defence Estate to accept DII in the early stages of the programme. However lessons have been learned and positive action has been taken. The effect of the actions taken is now evident on the programme in its ability to maintain the required rate of roll-out and where estates issues exist they rarely hold up progress. These lessons have been captured and passed into the Department's project scrutiny community, the Defence Change Programme, as well as being followed up by the Defence Estates organisation.</p>	<p>There have been no significant issues causing delays to the DII Programme relating to the condition of the MOD estate or Defence Estates responsiveness to the works requirements by DII since the PAC hearing.</p>
72	<p>The Department did not conduct a pilot before commencing full implementation, even though the DII Programme was complex and the timetable ambitious. Even if the rollout methodology does not change substantially in future, the Department should set aside time to run a pilot before commencing work on each remaining increment of the DII Programme. This will allow it to recognise and reduce risks not previously encountered as it goes to new sites or attempts to install more functionality or more highly-classified versions of DII software.</p>	<p>The Department accepts this recommendation. It decided it was impractical in the early stages of the programme to run pilots for the rollout to many sites because the sites themselves were so small, though it did trial the system itself within the Project Team's business unit. The Department has subsequently, and continues to, run business pilots at those major sites where configuration issues could lead to serious disruption. This has proved invaluable at Abbey Wood, Main Building in Whitehall, and at the remaining major headquarters where a mixture of new capabilities have been successfully trialled with users before formal First User Live dates are declared.</p> <p>Where significant technological innovation is required, for example in the deployed and</p>	<p>Complete. DII is now being delivered to all of the Department's major headquarters following effective pilots.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Top Secret environments, the Department and ATLAS have and will continue to use test facilities - demonstrators - to assess and prove the capability.</p>	
73	<p>The ATLAS consortium's record of delivering software on time is not good and, despite recent successes, large parts of the original requirement are still missing. Many of ATLAS' initial designs have been of a poor quality, which has forced the Department to increase its scrutiny of them. If the level of design errors increases again, the Department should reintroduce more onerous scrutiny and should not accept claims for increased costs that ATLAS incurs as a result. As soon as ATLAS's problems in designing software cause more delay to the overall DII implementation, the Department should oblige the consortium to bring in resources and expertise from a new contractor.</p>	<p>The Department accepts this recommendation. It currently provides core software through which users have universal and secure access to 375 applications as well as standard office tools such as word processing, email and internet access. This basic functionality has been in place since May 2006 and has supported the rollout of DII to users to date. A rationalised suite of applications is rolled out as and when their user populations migrate to DII. Whilst there have been delays in delivering some of the software, the latest release (which includes secret capability) is now available and will allow the migration of the major Defence HQs during 2009 as planned.</p> <p>The Department will request that ATLAS bring in new resources if they find that the current resources are unable to meet the demands of the programme. However, the Department will not solution engineer and looks to its delivery partner to provide a viable, timely solution to the Department's requirements</p>	<p>DII is now being delivered to all of the Department's major headquarters. At 26 July 2009, around 430 applications are live on DII(F).</p>
74	<p>The problems with software design have been greatest where security features are concerned and it took over two years longer than planned to get a version of DII that could handle Secret</p>	<p>The Department accepts this recommendation. In line with an issue identified by the NAO, the Department has reviewed and amended its engineering assurance processes, whereby it validates the contractor's designs, by instigating a</p>	<p>DII(F) is intrinsically a far more secure system than the legacy systems it is replacing, as an example, DII(F) was not affected by the recent and virulent Conficker virus.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>material. Many of the security elements of DII software have been delayed, so the Department now needs to check that all designs are as robust as possible. It should incorporate any relevant recent developments in technology, to avoid any recurrence on DII of the data losses and security breaches on some of its legacy systems that have now come to light through the Department's recent review of its data security.</p>	<p>lighter touch at design stage but a more in depth review during testing and trialling. Lessons learned from the delivery of early releases of software have been used to develop the plans for subsequent releases.</p> <p>Some delay has been driven by the Department's necessarily stringent security requirements, compounded by the complex requirement to link DII to legacy systems during transition; this link is required to maintain operational capability during rollout. A security improvement plan is in place.</p>	
75	<p>The Department currently has an undesirable record on data security when it should be amongst the best in Government. As well as completing the DII Programme without further delay, the Department should implement the other recommendations made in the Burton Report and, in particular, should make data security a priority for all its personnel, including through the use of robust disciplinary measures.</p>	<p>The Department accepts this recommendation and also fully accepted all 51 recommendations of the Burton Report. It has formed a dedicated team to ensure their implementation and by the end of March 2009, 43 of the recommendations are expected to be achieved. The other eight are primarily focussed on embedding the long-term policy and cultural change.</p> <p>The Department has delivered an awareness and education campaign; 20,000 laptops have been encrypted; an information risk policy and Information Charter has been established; roles and responsibilities for Information Asset Owners have been identified; existing Data Protection Officer roles have been re-invigorated; a Computer Based Training course on Protecting Information has been developed and will be mandatory for all staff. Guidance on the</p>	<p>The Department has made good progress. 41 of the 51 recommendations from the Burton Report have been achieved. Significant progress has been made against the remaining 10. The Information Commissioner's Office (ICO) has confirmed that they share Sir Edmund Burton's view that the outstanding recommendations involve a longer term programme of change.</p> <p>The main actions completed include:</p> <ul style="list-style-type: none"> • Cabinet Office sponsored Computer-Based Training (CBT) package (Protecting Information) is now a key element of a mandated training and awareness programme. • An ongoing and sustainable cultural change plan for the Department has been developed.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>disciplinary or administrative action that should be considered in the event of personnel committing a breach has been issued.</p> <p>The DII concept allows for users to logon at any site worldwide, reducing the need to physically transport data thereby addressing some of the data handling challenges, which the MOD faces. The new DII system has shown itself to be robust and resilient in the face of recent virus outbreaks.</p>	<ul style="list-style-type: none"> • An independent review of the status of the implementation of the Burton (and the Cabinet Office Data Handling Review - DHR) recommendations has been completed. • An Information Assurance (IA) strategy for the Department has been commissioned. • A coherent system of censure and punishment for those who lose or compromise personal data has been developed. • Instructions on data retention and cleansing for personal data have been revised and re-issued. • Information Risk is now one of the strategic risk areas considered periodically by the Defence Board. • A 2* forum (the Information Assurance Delivery Group) with representatives from all top-level business units across MOD has been established to support the implementation of Burton and DHR recommendations. • An independent assessment of the Central Budget area of the Department by CESG against the latter's emerging IA Maturity Model has been completed. • All those who hold contracts with MOD have been asked confirm that they meet the requirements of the Data Handling Procedures in Government.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
			<ul style="list-style-type: none"> • A significant number of additional secure laptops for use by Army personnel and other deployed troops have been purchased, obviating the need for privately owned IT equipment being employed to process personal and other official data. <p>In addition to the tangible measures summarised above, there are encouraging signs that instances of lost and stolen data across MOD are being reduced and where losses do occur the presence of encryption software is minimising the risk of compromise of personal data</p>

Public Accounts Committee Recommendations

Eighth Report (2008/09) - Chinook Mk 3

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
76	<p>The problems with the Mk3 procurement stemmed from the Department's failure to specify in the contract that it required access to the software source code in order to assess the safety risks and establish whether the helicopters would meet UK airworthiness standards. Given that software is key to the operation of most modern defence equipment, this is irresponsible. The Department should specify access to software as a clear requirement within any contract, especially where access to proprietary software is needed to provide airworthiness certification. The Department should also review its airworthiness approvals process to take into account the safety records of other nations in using similar software and equipment.</p>	<p>The Department partially accepts this conclusion and has acknowledged that there were significant problems with the acquisition of the Chinook Mk3 helicopter. Under current working practices these problems would not occur. The Department will not place contracts with suppliers until the means for accessing essential source code have been put in place or appropriate alternative safety assurance processes have been identified. If source code licence rights are required by the Department, these will be provided for in the contract or through a separate software licence with the contractor or any relevant third party. Any denial of access will be taken into account as a selection factor when tenders are considered for either competitive or single source procurements and when procuring from overseas, the Department will be mindful of the added restrictions that may be imposed by the export control authorities of foreign governments. By the end of June 2009, the Department will publish guidance specifically for the assurance of</p>	<p>The MoD funded Software Systems Engineering Initiative will, in early September 2009, publish guidance specifically for the assurance of software acquired when applying Defence Standard 00-56: Safety Management Requirements for Defence Systems.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>software acquired when applying Defence Standard 00-56: Safety Management Requirements for Defence Systems.</p> <p>Joint Service Publication (JSP) 553 Military Airworthiness Regulations, is the publication that describes the principles and policy for the regulation of the Airworthiness of UK Military Aircraft. As a result of a Departmental review, the UK airworthiness approvals process has been updated to take account of the safety records of other nations. The Department's approach is dependent on the aircraft systems being previously certified and the overseas certification body demonstrating their competence. It is recognised that the certification basis used by other bodies may not be wholly suitable for meeting the Department's requirements. Hence the safety case must address any differences in the operating environment and proposed usage, as well as demonstrating that risks have been mitigated to a tolerable and As Low As Reasonably Practicable (ALARP) level.</p>	
77	<p>In 2003, the Department introduced the Night Enhancement Package as a short-term, urgent operational fix. It will not be replaced until 2009 at the earliest, and the Joint Helicopter Command still</p>	<p>The Department agrees with the conclusion and intends to examine the issue of managing safety in the operational environment to ensure that approaches remain consistent. The</p>	<p>The Treasury Minute was placed before Parliament on 19 May 2009. The Department's Defence Environment and Safety Board review of safety in operations has</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>assess it as a key safety risk. The Department has to make difficult judgements to balance the safety risk of using capabilities like the Night Enhancement Package against the operational downside of not having it at all. However, the Department should examine whether its acceptance of the risks associated with short-term fixes like the Night Enhancement Package is consistent with the priority accorded to identifying funding for long-term solutions, the duty of care it has to personnel and the principles underpinning its approach to airworthiness.</p>	<p>Department has a responsibility for the safety of all its personnel and routinely has to balance equipment related risks with the operational risks that the Armed Forces are exposed to. For aircraft such decisions are taken by the Aircraft Operating Authority, in this case the Joint Helicopter Command.</p> <p>The Night Enhancement Package (NEP), procured as a short term modification to meet operational requirements in Afghanistan, was never intended for long-term use. A contract has been placed to replace the NEP installation to provide an integrated display system addressing the pilot workload issues associated with the current fit. This is scheduled to deliver the first modified aircraft with an enhanced low visibility capability before the end of 2011, within the timeframes of the F2F project. As the Committee has stated, difficult judgments have to be made and the Department continues to use the NEP as it enables important missions to be undertaken which would otherwise not be attempted in a non-NEP aircraft.</p> <p>Planning, delivery and the consideration of the risks associated with military capability, including equipment safety, are</p>	<p>started. Initial high level conclusions covering capability areas are expected in the 2nd quarter of FY09/10.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>an integral part of Through Life Capability Management (TLCM), the Department's approach to acquisition and in-service management of military capability. Under TLCM, consistent capability planning is managed through Capability Management Groups (CMGs), and their supporting Capability Planning Groups (CPGs).</p> <p>In managing safety, the CMGs undertake a risk assessment that enables the Department to decide whether risks have been mitigated to a tolerable level and are ALARP. The status of the risks is reviewed routinely to take account of the time at risk and, in particular, to ensure the risk of the extended use of short-term solutions remains both tolerable and ALARP.</p> <p>Recognising the challenges of managing safety in the operational environment, the Department's Defence Environment and Safety Board has commissioned a review of safety in operations and this will include aspects of capability.</p>	
78	<p>The Department admitted that, particularly when buying existing equipment 'off-the-shelf', it tends to specify too many modifications, when what is needed is equipment that is</p>	<p>The Department disagrees that an analysis of recent 'off the shelf' equipment acquisitions is required. The Department agrees that when buying equipment 'off the shelf' it should be safe,</p>	<p>The Treasury Minute was placed before Parliament on 19 May 2009. The Department's Smart Acquisition Approvals guidance is currently being revised and when complete</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>safe, effective and can be made available for operations quickly. To better inform future decisions on whether to specify modifications to off-the-shelf equipments, the Department should analyse all such recent acquisitions to determine how often technical problems have arisen or costs increased, and whether these outweigh the expected and/or delivered operational benefits.</p>	<p>effective and available for operations quickly. That said, the Department has a duty to ensure that the 'off the shelf' equipment can be operated safely and effectively in a range of environments and against a range of threats. These important factors have to be judged by the Department since the UK perception of threats is not always the same as the perception other nations have and because the way the UK uses military equipment to counter these threats also differs. Therefore, there will very often be a need for some modification of 'off the shelf' equipment and the Department will re-emphasise to staff the need to ensure that these modifications are kept to a minimum.</p>	<p>will re-emphasise that modifications to 'off the shelf' equipment should be kept to a minimum.</p>

Public Accounts Committee Recommendations

Thirty-third Report (2007/08) - Ministry of Defence: Major Projects Report 2007

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
79	<p>Since April 2005, the Department has reduced the forecast cost of procuring its major military equipment projects by transferring almost £1 billion to other projects or budget lines. The Department should address the fundamental causes of the rising costs rather than dealing with problems by simply transferring costs and budgets internally.</p>	<p>As the Department stated in evidence it believes that the transfer of costs to other budget lines was justified as a means of ensuring that costs fell to the appropriate budgets and were managed by those best placed to do so. The Department accepts that the focus of its efforts should be on avoiding cost growth. As the NAO report states (para 1.14 and figure 10) one of the main reasons for cost increases are technical factors, much of which have occurred on older projects. The report further acknowledges that the Department is seeking to address this for newer projects (para 1.19) by choosing acquisition strategies for projects to allow a better understanding of the risks involved in the technology and the risks to delivery before the main investment decision is taken.</p> <p>This is in line with the National Audit Office 2005 Report Successful Delivery of Major Defence Projects: Effective Project Control is a Key Factor in Successful Projects, which recommended planning for certainty by taking shorter planning chunks with</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		greater detail. Current examples of this are the Future Carrier Project, the Future Rapid Effect System vehicles, the Indirect Fire Precision Attack munition and the Search and Rescue Helicopter project.	
80	By continuing to transfer costs outside the boundaries of the Major Projects Report, the Department is not providing Parliament with the full picture on the cost of individual military equipment projects. The metrics that the Department develops for measuring its performance on acquisition for future Major Projects Reports should provide a comprehensive picture of the cost of bringing the equipment into service. For example, the Report should cover the cost of acquiring and supporting the equipment and of providing training for personnel to use it.	The Department agrees that the Major Projects Report in its current form does not provide Parliament with the full picture of the cost of delivering individual military equipment projects. The Department is working with the National Audit Office to develop the Report to reflect more clearly its performance in the delivery of equipment and capability through life in line with changes being made within the Department.	Complete.
81	Some of the transfers were not budgeted for and do not represent real savings. The Department could not provide concrete examples of the impact of these transfers on other areas of Defence spending. For each of the reallocations over the last two years, the Department should provide the Committee with a full statement of the effect of the cost	The Department has not argued that the transfer of costs to other budget lines represented real savings. The Department has sought to absorb these cost pressures across the wider equipment and support programme which goes beyond the top twenty projects examined in the Major Projects Report, rather than within specific budget areas, and cannot, therefore identify reductions attributable to specific transfers.	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>transfer on the other budget holders, including the activities they have had to forego, and/or the compensating efficiencies they have made.</p>	<p>In each planning round we must consider a range of competing priorities, including potential enhancements, as well as addressing cost growth where it has arisen. The Department reviews its priorities and invests in those areas it determines to be the highest priority. As a consequence, the Department may have to reduce investment in lower priority areas of capability and support. As an example, Planning Round 08 decisions were taken to delete the Lightweight Mobile Artillery Weapon System (Rocket) saving £189M and to reduce the number of Type 45 Frigates from 8 to 6, (advancing the Future Surface Combatant in-service date by 2 years to 2019 and extending T23/T22 Frigates) saving £200M.</p> <p>Balance of investment work identifies the range of choices to deliver most effectively the equipment and support programme, taking into account current pressures such as operations and the need to deliver defence priorities. These choices clearly identify the operational, capability and industrial impact as well the costs of their implementation.</p>	
82	<p>The Department is spending £305 million to maintain the United Kingdom's shipbuilding industry in</p>	<p>The Department accepts that sustaining the United Kingdom's shipbuilding industry in line with the Defence Industrial Strategy</p>	<p>Good progress is being made towards establishment of new long-term incentive based business agreements</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>line with the <i>Defence Industrial Strategy White Paper</i>, but has not developed metrics to assess whether it is getting value for money from these payments. The Department should develop clear statements of what successful outcomes from the expenditure would be and how it plans to measure progress towards what are long-term aspirations.</p>	<p>must offer value for money. The Department has put in place or is putting in place a number of initiatives to measure progress towards achieving an efficient, affordable and sustainable enterprise to meet the operational needs of the Royal Navy today and in the future.</p> <p>The Defence Industrial Strategy noted that <i>“In light of the serious financial challenges facing the industry, it is our view that consolidation should occur as a matter of urgency. This is particularly pertinent to the Submarine domain, but applies across the board”</i>. Work is ongoing to deliver the Submarine Enterprise Collaboration Agreement (SECA) involving MoD, Babcock Marine, Rolls Royce and BAE Systems (Submarine Solutions). A key event was the delivery of the SECA Public Policy Exclusion Order which was laid before Parliament in July 2008, and subject to approval, will enable the sharing of data between all parties as a first step towards improved joint working across the submarine enterprise. Formation of the BAE Systems / VT Joint Venture (named BVT Surface Fleet Ltd) and Babcock</p>	<p>(TOBAs) with both BVT Surface Fleet Limited and Babcock Marine. Both TOBAs are expected to be signed in 2009.</p> <p>In the submarine domain, the Submarine Enterprise Collaborative Agreement (SECA) Public Policy Exclusion Order (PPEO) is now in place and able to be enacted. MOD, with industry support, is working towards selection of a preferred option for delivering SECA.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Marine (following Babcock's purchase of DML at Devonport) will see incentivised delivery of efficiency, encouraging the two companies and MOD to co-operate and work together more closely, sharing in the risks and the rewards. New long-term business agreements (TOBAs) will be put in place in early 2009 establishing the MOD's commitments to sustaining key capabilities and future activity² and industry's commitments to rationalisation, transformation and cost reduction.</p> <p>Looking to the future, the Department's commitment to sustain sovereign capabilities in complex warship design, build and support described in the Defence Industrial Strategy White Paper has resulted in the formation of the Naval Design Partnership (NDP). This is a strategic vehicle for the early stage design of future naval projects with the aims of sustaining UK design capability in complex naval vessels and encouraging innovation and the pull-through of new technology through multi-company participation.</p> <p>Overall, these initiatives will deliver considerable benefits to the Department</p>	

² BVT TOBA is likely to commitment to elements of future warship building programme and payment, if needed, to sustain Maritime Key Industrial Capabilities (KICs). BM TOBA may involve commitment to elements of future support programme.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>and the taxpayer while incentivising improved performance, cost and timeliness for both projects and other services. To ensure that they also represent value for money, the Department is employing a number of measures including Key Performance Indicators to measure business performance and the use of suitable international benchmarking standards to provide for continuing optimisation in productivity.</p>	
83	<p>The future viability of the United Kingdom's shipbuilding industry rests on the procurement of the new aircraft carriers, and after five and a half years the Department has only just signed the contract. Past experience shows that delaying projects leads to increased costs in the long run. The Department and the Treasury need to look carefully at experience on the Future Aircraft Carrier project and identify specific lessons which they can apply on forthcoming projects to prevent such potentially damaging delays.</p>	<p>The Department accepts that delaying projects can lead to cost increases once the main investment decision is taken. This has not been an issue with the new aircraft carriers. During the assessment phase the project has made steady progress aimed at taking the design of the ships to a greater degree of maturity, fully involving Industry, to ensure a true understanding of the costs and risks involved. This included allowing time for expert independent assessor's review of the work, a move which was highlighted as good practice by the Committee in their previous report (46th PAC Report - Ministry of Defence: Major Projects Report 2006).</p> <p>The Department also adopted an incremental approach to project commitments, allowing it to move ahead in stages and culminating in Manufacture</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Main Gate approval in July 2007. Prior to manufacture contract signature (announced on 3 July 2008) there remained complex detailed negotiations to conclude, including ensuring the best alignment of annual expenditure, work schedule and commercial arrangements, and that Industry had the confidence to move ahead with the creation of the company with which the contract was to be let, BVT Surface Fleet joint venture. The creation of BVT offers the opportunity for industrial rationalisation and represents a significant potential efficiency for Future Aircraft Carrier and the future warship-building programme.</p>	
84	<p>The Department is ordering fewer munitions for the Guided Multiple Launch Rocket System and transferring a budget of £165 million to the Indirect Fire Precision Attack project to fund alternative munitions. There is no guarantee that the Indirect Precision Fire Attack project will be approved as currently envisaged, and so there is a risk that frontline troops will go short of equipment. The Department should develop a robust methodology which, as a minimum, should cover analysis of operational requirements, technical risk and likelihood of timely</p>	<p>The Department is procuring sufficient Guided Multiple Launch Rocket System munitions to meet existing requirements and does not accept that the transfer of £165 million to the Indirect Fire Precision Attack project creates a risk that frontline troops will go short of equipment. An objective of the Indirect Fire Precision Attack programme is to carry out ongoing assessment of a range of Precision Attack weapons, and to evaluate the mix and quantities of those weapons in the light of changing operational need and availability. As the Guided Multiple Launch Rocket System is also a Precision Attack weapon, it makes sense for its future funding to be</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>delivery. This would allow it to demonstrate to the Committee the cost-effectiveness of this and future transfers between projects.</p>	<p>held within the Indirect Fire Precision Attack programme, to provide flexibility in the types and quantities of Precision Attack weapons to be bought.</p>	
<p>85</p>	<p>There are a wide range of factors leading to cost and time overruns on defence projects, and despite numerous reforms to working practices, the Department seems unable to bring about lasting improvements. The Department should conduct an in-depth analysis of the way previous change programmes and initiatives were implemented to understand why they failed to deliver, as well as identify how to secure and sustain the necessary improvements in performance.</p>	<p>Delivery of technically challenging and complex major projects takes a considerable time. As the 2007 Major Projects Report acknowledges much of the cost growth and time delay has occurred on projects initiated before many of the recent reforms. In Major Projects Report 2007 cost overruns and delays on more recently approved projects showed signs of reducing. The report states “...it is too early to draw a definite conclusion and prove a causal link, part of improvement may reflect the Department’s increased emphasis in recent years on only making major investment decisions when it has greater confidence in the maturity of proposed solutions”. Examples of this are outlined in paragraphs 12-13 above.</p> <p>The Department believes that the further steps it has been taking on organisation, process, skills and behaviours, through the Defence Acquisition Change Programme and otherwise, will lead to further improvements in effective project management. As part of this work the Department is already undertaking a fresh examination of the factors that drive</p>	<p>Complete.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		acquisition cycle times, including the causes of overruns, with a view to making significant reductions. Major projects will still typically involve relatively long timescales, which means that improvement will necessarily take time to come through.	

Public Accounts Committee Recommendations

Thirty-seventh Report (2007/08) - Leaving the Services

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
86	<p>Early Service Leavers are most vulnerable to social exclusion, yet the majority of the Department's resettlement support is directed at those with longer service histories. The Department sees resettlement support as a reward for service and as an aid to retention, but many longer-serving Service Leavers will secure civilian employment and accommodation without any assistance. The Department should develop and introduce additional targeted measures for Early Service Leavers and others in most need. It should do this on the basis of better evidence on the effectiveness of its existing assistance.</p>	<p>The Department believes that a robust and effective system of resettlement provision is a fundamental pillar of personnel support, a manifestation of the Armed Forces' commitment to being an employer of first choice and a proper reflection of the transition issues that can arise for those who have given a substantial return of service. It is therefore perhaps not surprising that the majority of support is directed at those with longer Service histories. Nevertheless, the Department acknowledges the specific requirements of Early Service Leavers (ESLs) many of whom will not have entered productive service at the point of leaving and is keen to do what it can to improve support for these groups.</p> <p>This year the Department has introduced mandatory resettlement interviews and advice for ESLs in the course of which those vulnerable to social exclusion are identified and given the option of being put in touch voluntarily with further specialist support from the Soldiers, Sailors and Air Force Association</p>	<p>JSP 575 for Early Service Leavers (ESL) has been revised (re-issued in Jan 09) to give direction to ESL staff and inform the Army first-line resettlement training programme (see Serial 92). The Regular Forces Employment Association (RFEA) has also introduced 2 Employment Consultants who will provide a more hands-on job finding service for those ESL who elect to have their details sent to RFEA. This does not impact on the service RFEA already offer to other SL. There have also been 2 light-touch mentoring pilot schemes at Catterick, the first looking at supporting ESL from Phase1 training establishments and the second extending that to post Phase 2-trained soldiers. Neither has been well supported by ESL and a decision is to be made mid-2009 as to whether they continue.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>(SSAFA) or the Royal British Legion. Competency standards to assess for vulnerability to social exclusion were promulgated by the Department in Joint Services Publication (JSP) 575 in December 2007.</p> <p>Where post-discharge accommodation arrangements have not been made, or not deemed firm enough, assistance in the form of signposting to the SPACES programme is provided and briefing material is given where appropriate. The Department is also in consultation with a charity, the Regular Forces Employment Association (RFEA) over a new project to provide more tailored support for certain groups of ESL. A Mentoring Trial, involving 100 vulnerable ESLs discharged from training, including a control group, will measure outcomes 6 months after entry into the trial. A second phase has recently been initiated to assess the same intervention for individuals leaving the Services following an operational deployment and assessed as vulnerable.</p> <p>The outcome of this trial, including an assessment of the impact of mentoring on ESLs, will determine the way forward and any subsequent targeting of groups. The Department will be in a position to</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>evaluate the first phase of the pilot over the next few months but a full evaluation will not be possible until around the end of 2009.</p>	
87	<p>First line resettlement support is weak and poorly monitored within the Army even though it is the principal assistance for Early Service Leavers and crucial for other Service Leavers to get through to further resettlement activities. The Department should instigate its planned improvements to training for first line resettlement staff and for better quality assurance measures, and seek feedback from Service Leavers to assess whether performance has improved by the end of the year.</p>	<p>The Army is currently undertaking a comprehensive review of all first line resettlement training in response to recommendations in the NAO report of July 2007. A Training Needs Analysis is identifying costings for training of Army first line resettlement staff against training options identified in September 2008. Quality assurance guidelines for first line resettlement provision were issued in January 2007 and these will be updated as part of the first line training review. Army first line resettlement delivery is also now formally considered as part of a range of unit performance reporting measures. These include the extant Annual Assessment of a Unit process in Germany along with the Support Infrastructure Management process, which will apply to all Army units from April 2009. Once the new first line training measures are in place at the end of the year, feedback on the impact of improvements will be sought from Army Service Leavers.</p>	<p>Following a comprehensive review of all Army first line resettlement training, including a training needs analysis to identify costed options for the training, a 2/3 day training package is being trialled. Once the format and optimum locations have been agreed, dates for the training programme will be promulgated in a DIN in Jul 09.</p>
88	<p>The Department has reduced the number of forms Service Leavers</p>	<p>Through the combination of several resettlement administration forms</p>	<p>Complete.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>must complete to obtain the resettlement support to which they are entitled but the system needs to be streamlined further. The Department should look at the process from the point of view of Service Leavers, particularly those with lower educational attainment who have been heavily reliant on administrative support throughout their service careers, with the aim of reducing bureaucracy to the absolute minimum.</p>	<p>effective from 1 January 2008, the Department has achieved a 20 per cent reduction in resettlement documentation. However, much resettlement activity involves attending training and briefings away from the normal place of work and there is a consequent requirement to record travel and subsistence costs. Proper stewardship of public funds dictates that no further paper-based process revisions are possible without unacceptable risk of loss of control and financial accountability.</p> <p>The Department has begun the process for placing much of the administration of resettlement on the Joint Personnel Administration (JPA) IT system. This will further reduce bureaucracy, make it simpler for Service Leavers to access resettlement services, reduce time lost in passing paper documents, and assist in governance of first line resettlement support.</p>	
89	<p>Some Commanding Officers have not made it easy for Service Leavers to attend resettlement in a timely fashion. The demands of frontline operations, including in Iraq and Afghanistan, as well as other military tasks, are vital, but prioritising them to the exclusion of other planning has</p>	<p>The Department agrees that the Commanding Officer has a key role in the resettlement process. Following the publication of the NAO Report in July 2007, Commanding Officers are briefed on their responsibilities for resettlement in a dedicated briefing on the Commanding Officers' Designate Course and it is now</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>prevented or delayed some Service Leavers in starting their resettlement. Notwithstanding operational demands, the Department should require Commanding Officers to give resettlement due priority and management attention. It should determine a reasonable length of time for Service Leavers to spend in the United Kingdom at the end of their career, taking into account current operational commitments for particular branches, and ensure that all Service Leavers get the necessary time for resettlement. The Department should also require first line staff to encourage individuals to draw up realistic resettlement plans, taking into account likely deployments up to two years ahead of departure dates.</p>	<p>mandatory for all Service Leavers to have a resettlement interview.</p> <p>The Department agrees that first line staff have an important role in encouraging individuals to draw up realistic resettlement plans which take account of likely deployments. First line resettlement staff have a key role to play in resettlement planning in terms of advising on time lines, unit commitments and entitlement in the broad. It is expected that this will be a key area of the training improvements identified for Army first line resettlement staff.</p> <p>Even with judicious planning, operational commitments can impact on individual resettlement preparation. To mitigate this, for Afghanistan and Iraq, it is now Army policy that those with up to five years service should have a minimum of 4 months residual service following return from operations and those with more than five years service, should have six months. Should operational reasons preclude this, there is the option to defer resettlement activities and, in some cases, with the individual's consent, to extend service. All Operational Theatre Education Centre Staff and the Unit Education Officers who accompany</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>Battlegroups are trained in providing resettlement advice.</p>	
90	<p>Attendance at Career Transition Partnership is very high across the board but within some groups such as junior ranks, the percentage is lower, as are satisfaction levels. The Department should identify why other ranks have lower attendance at Career Transition Partnership and why other ranks are less satisfied with some courses than officers.</p>	<p>Career Transition Partnership (CTP) attendance and satisfaction rates are high; indeed the contract is designed to incentivise the provider to achieve high customer satisfaction ratings. However, the Department accepts that, for some groups, rates are lower. To this end, resettlement interviews are now mandatory and forms, which are completed at initial second line resettlement interviews require Service Leavers to sign to confirm that they have been briefed on all aspects of resettlement. A guidance note on resettlement entitlement is also included in the Service Leaver's Information Pack issued by the Service Personnel and Veterans Agency (SPVA) at the 9 months pre-discharge point and is also posted on the SPVA website.</p> <p>Other than awareness, attendance and satisfaction rates will differ for a variety of external reasons including realism of aspirations, appropriateness of courses attended and operational commitments. The Department will now investigate why other ranks have lower attendance and satisfaction rates with some courses than officers. This will be completed by</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>December 2008. In the course of evidence to the Committee, the Department also briefed on the plan to raise the Individual Resettlement Training Costs Grant. It has not yet been possible to make this affordable due to the pressure of other priorities within the existing budget. The Department is returning to the matter in the current planning round.</p>	
91	<p>Unemployment is significantly higher among Early Service Leavers than among other Service Leavers. The Department believes much of the problem lies with those Army trainees who have failed basic training and came into the Army with poor basic skills and few qualifications, and would in any case struggle to gain employment. It also thinks that many Early Service Leavers may have returned to full time education. The Department has been working with the Department for Work and Pensions to try to identify the full extent of the problem of unemployment amongst Early Service Leavers. The Department should determine more accurately the numbers that remain unemployed six months after discharge. It should also identify the risk factors due to the</p>	<p>The Department agrees that ESLs, particularly those who join the Services with few skills or qualifications, and do not complete basic training, face particular challenges in obtaining employment. All ESLs are interviewed by appropriately trained individuals, an assessment of vulnerability to social exclusion is completed and an audit trail of the process is retained. The ESL picture is complex and many go into training or education to gain more skills and qualifications to help them get employment.</p> <p>There are two strands to current work to build a picture of the ESL outcomes. Firstly, and with the prior agreement of the Service leaver, the Department for Work and Pensions (DWP) is asked to tell the Department if the ESL is in work at the three and six month point after</p>	<p>In conjunction with DWP and HMRC, the Department routinely identifies SL (who have registered/paid tax) and, from this, numbers of SL employed at 6 month post-discharge point. The data continues to mature and it is now possible to draw conclusions regarding the effectiveness of ESL discharge procedures. Over 50% of ESL are in paid employment within 6 months of discharge and less than 13% (looking for work) remain unemployed 6 months post discharge – a lower rate than experienced by non veteran peer groups in wider society. The data collection, exchange and analysis continues as routine business. In that Army Ph 1 trainees are the bulk of the ESL problem, this will also be addressed in Army first line resettlement training actions.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>individual's background and service experience, and decide if it can do more to support those most likely to be unemployed.</p>	<p>leaving the Armed Forces. Working in conjunction with DWP and HM Revenue and Customs (HMRC) to determine if the ESL is in employment, the Department is able to identify numbers of SL who have registered/paid tax and, from this, numbers employed at the six-month post-discharge point. This is being completed on a six-monthly basis and in this way a profile of post-discharge employment fortunes of ESLs is being built. Initial indications show approximately 50 per cent in employment within six months of discharge.</p> <p>Secondly, a CTP and Regular Forces Employment Association (RFEA) qualitative study to identify risk factors and how these might be addressed is being undertaken. This latter study will be used to identify risk factors due to individual backgrounds and Service experience and identify additional support for those most likely to be unemployed. These two studies will contribute to the wider understanding of ESL employment outcomes.</p>	
92	<p>A minority of Service Leavers do not have accommodation when they leave but have experienced difficulty in getting some local authorities to accept their responsibilities to assist</p>	<p>Local connection can be a factor in the current allocation of social housing and previous legislation prevented Service personnel from establishing a local connection with the areas in which they</p>	<p>Legislation through the Housing and Regeneration Bill was changed in December 08 to enable recognition for the Armed Forces through residency residency in England and Wales. The</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<p>them in finding housing. Part of the problem relates to the lack of a "local connection" to the area where the Service Leaver had served but, in other cases, local authorities were simply reluctant to assist Service Leavers without them being evicted from Service housing. The Department should work with the Department for Communities and Local Government to identify which local authorities insist that Service Leavers are evicted, and then enforce the guidance forbidding such practices. It should also estimate the likely pattern of demand on local authorities following the granting of local connection to identify where problems may emerge, and project this analysis forward to the introduction of 'super garrisons'.</p>	<p>were serving. The Housing and Regeneration Act, which received Royal Assent earlier this year, removes this provision in England and Wales, which will improve access to social housing. Scottish Ministers are also consulting on changing legislation so that Armed Forces employment/residence constitutes a local connection for the purposes of homelessness legislation in the same way as civilian employment/residence. The Department is working with the Department for Communities and Local Government to address the problem of local authorities who do not take account of statutory guidance, and do not accept a Certificate of Cessation to occupy Service family accommodation and insist on a possession order before providing housing assistance. These initiatives were highlighted in the Service Personnel Command Paper, which was published in July 2008.</p> <p>The Department also supports the recommendation that it should estimate the likely pattern of demand on local authorities following the granting of local connection to identify where problems may emerge and project this forward to super garrisons. Super garrisons can bring increased obligations to house</p>	<p>Scottish Executive are planning to change legislation by end of 2009. There was only anecdotal evidence that Local Authorities insisted MOD raised a Possession Order, before finding the Service Leaver alternative accommodation and therefore difficult to request DCLG target specific Local Authorities. However work is ongoing to audit the impact of the Cessation to Occupy Certificates which will help establish if formal eviction is required before assistance is offered. MOD will work with DCLG to establish the impact of local connection.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>personnel as a result of change to local connection legislation; this is but one of the aspects of the wider impact of super garrisons. Planning with the relevant regional and local authorities is ongoing.</p>	
93	<p>The Department provides good support to serving personnel looking to buy their own home, and to single Service Leavers who need accommodation on discharge, but the take up of these services is low. The Department should refer more of its single Service Leavers to the services provided by the Single Persons Accommodation Centre for the Ex-Services (SPACES), especially those whom it has identified as most vulnerable to social exclusion. The Department should do more to encourage home ownership earlier in the careers of serving personnel or prior to discharge by:</p> <ul style="list-style-type: none"> • further raising of awareness among Service Leavers and serving personnel through advertising the Department's housing briefings; • training the first line to encourage personnel to consider their future housing needs; 	<p>The Department's Continuous Attitude Surveys reveal that for many Service personnel the need to finance and secure somewhere to live after they leave is a very real concern. Awareness and encouragement of home ownership is effected through the Joint Services Housing Advisory Office's (JSHAO) monthly newsletter, programme of road shows to units and garrisons and the portal on the MOD website. In addition, the JSHAO conducts a data capture exercise, which will identify where housing help for single Service personnel is most required. Housing is included in the second line resettlement checklist, but the Department agrees that there is a first line-training requirement to encourage personnel to consider future housing needs. The nature of this training will be determined by findings from the ongoing survey of Army first line training needs and implemented across all three Services by the end of the year.</p> <p>As regards the monitoring of the impact of home ownership schemes, data is</p>	Complete.

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
	<ul style="list-style-type: none"> • monitoring the impact of the schemes introduced to promote home ownership and considering expanding the use of Long Service Advance of Pay to include buy to let properties; and <p>exploring with the financial sector possible saving schemes which could help Service personnel to build up enough savings to get on the property ladder at the end of their career.</p>	<p>already available for commercial providers, Key Worker Living Programme (KWLP) and also for take up of Long Service Advance of Pay (LSAP). However, without significant change to the management of schemes and additional cost, it is not feasible to separate out data for Service Leavers and some schemes, eg Key Worker Living Programme (KWLP) and Long Service Advance of Pay (LSAP), are specifically not intended for Service Leavers. Focus on Service Leaver take-up is therefore too narrow, for schemes designed both to aid retention and facilitate transition to civilian life.</p> <p>Regarding the expansion of LSAP to include buy to let properties, it should be noted that there is some provision to sub-let by refund of legal costs within the Services allowances package if the Service person is reassigned to a new duty station. Finally, regarding the conclusion that savings schemes to help Service personnel get on the property ladder should be explored with the financial sector, the Prime Minister announced that a £20 million pilot scheme to promote home ownership for Service Personnel would be launched in 2009 by MOD. This will be based on</p>	

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		shared equity or rent-to-buy principles.	
94	<p>The Department has introduced new provision for the mental health support of veterans suffering as a result of active service on operations but has done little to advertise the provision to veterans. The Department should do more to raise awareness of the new provision and to remind veterans of the support available. It should monitor take-up of assessment from St Thomas' available from November 2007, and of the additional guidance and support provided to GPs. The Department should also strengthen its screening for potential risk of mental health problems when Service Leavers have their final medical, and should use this opportunity to alert Service Leavers to the support available to them following discharge.</p>	<p>The health departments, the NHS and MOD and the Combat Stress charity are working together to pilot a new culturally sensitive mental health service at six sites across the UK. These pilots will run for two years, be NHS led and provide evidence-based interventions. There is little robust information on UK veterans' mental health and the pilots will collect data on demand levels and the range of interventions required, while independent evaluation will ultimately allow roll out of the best practice service. The small complementary St Thomas's service was designed primarily for veterans who do not have access to the pilot services. Eligibility is based on having operational service since 1982. The service is limited to assessment only with telephone or written advice for civilian clinicians who will be responsible for treatment.</p> <p>Effective publicity for the new arrangements is essential and needs to target veterans and their representatives, civilian health professionals and administrators and thirdly, the in-service community, especially those around service termination. Different communications methods are being</p>	<p>Awareness of the service in local areas</p> <p>The Dept of Health (DH) and Devolved Administrations, with support from the MOD, have launched a number of community NHS mental health pilot for veterans.</p> <p>All the pilots have engaged in local media campaigns, including radio and newspapers. All the pilots have produced leaflets and posters, kept in local surgeries and Primary Care Trusts (PCTs) to raise awareness among health specialists and GPs. They are in regular contact with the local Royal British Legion leads and links have been established with the local SSAFA branches, TA Regiments, Army Welfare, Combat Stress and Veterans UK. Some of the active websites bring many referrals from professionals who use the referral page. Making veterans aware of the scheme locally has been the responsibility of the six respective NHS trusts, e.g. Camden & Islington in trying to target veterans that attend football matches placed an advert that appeared in a Chelsea Football match programme last December, which generated some enquiries. Interest in</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>trialed including leaflets and posters, articles in health, in-service and veterans' publications and information on web sites. Opportunity is being taken to speak at meetings and conferences, eg health professional development events or veterans' gatherings and there is good evidence that personal support / encouragement to individual clients is effective in helping them access facilities. At the pilot sites and St Thomas's, the clinicians have invested time and effort using local knowledge and media to pass the word on within their communities.</p> <p>From November 2007 to mid August 2008, 71 new cases have been seen and fully assessed at St Thomas's, 25 are yet to be seen but have appointments while, from mid 2007, there have been 116 information/advice telephone calls. Demand for the service is increasing with time, reflecting the communications initiatives undertaken.</p> <p>To introduce a health-screening programme for psychological problems requires evidence that effectiveness and benefits outweigh risks and costs. There is no simple gold standard screening tool for psychological disorders. Rather screening relies on self-reported</p>	<p>the service is growing, with a number of other organisations and health trusts asking to be kept in the picture.</p> <p>The DH has also published a leaflet, 'Meeting the healthcare needs of Armed Forces personnel, their families and veterans'. The leaflet is designed to help regular Armed Forces personnel, their families and veterans to understand how to access the health services they need, and what to do if things go wrong. The leaflet applies to health services in England.</p> <p>Wider communication – Armed Forces community</p> <p>In addition to local media campaigns to promote the pilots, MOD's communications material to promote the commitments made in last year's Service Personnel Command Paper included mention of the pilots in both the leaflet aimed at serving personnel and that aimed at personnel transitioning to civilian life and veterans. These have enjoyed a wide distribution, including as inserts to SPVA's associated publication 'Veterans World', 'Pathfinder' and 'Focus' magazine, as well as through HIVES, Families</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>symptoms. These are normal in 20-30 per cent of the population at any one time so 'screen-positive' people do not all have significant diagnosable clinical disorders. The very suggestion that there is a problem can be damaging to some clients and discovery of 'screen-positives' always leads to further screening/investigation and a need for increased resources. In UK military populations, studies show that high initial response rates to screening drop off markedly when positive subjects are invited for further professional help. Screening is viewed as stigmatising with adverse effect on career prospects both during and post service.</p> <p>While present evidence does not support the introduction of routine psychological screening, the Department and single Services are firmly committed to action to support good mental health in serving personnel and veterans. Led by the chain of command, the approach is firstly to prevent symptoms and illness. This is done by raising awareness of stress and its effects, developing peer support and building resilience. Where problems do occur, the aim is early detection and referral for effective evidence-based interventions, providing help that is confidential and encouraging a culture in</p>	<p>Federations and Service charities. Information has also been disseminated to serving personnel using the chain of command.</p> <p>Medical Assessment Programme (MAP)</p> <p>Information about the MAP service has been available on the MOD website since 1998 and the Veterans UK website carries full details about the extension of the service provided by the MAP in 2007.</p> <p>Doctors from the MAP have travelled extensively in the UK and lectured on the work they do to assist veterans. The current Head of the MAP also lectures on veterans' mental health issues and on the services available to those who feel they may be experiencing psychological problems.</p> <p>The DH has reminded General Practitioners about the service with updates via Chief Medical Officer bulletins and the MOD has regularly updated its Gulf Health Guide issued to General Practitioners which refers to the MAP. The DH recently published a leaflet that refers to the MAP service.</p>

Serial	PAC Recommendations	Response Reported in the Treasury Minute	Departmental Action and Current Status
		<p>which personnel are comfortable to access help.</p>	<p>Awareness of the MAP service has been raised within HM Prison Service and the Head of the MAP will visit ex-Service offenders should this be considered helpful by prison health professionals.</p> <p>Final medicals do include checks on mental health, but unless a problem has already become apparent prior to discharge (in which case treatment will be provided), it is difficult reliably to identify a potential problem that may not present until several years after the individual has left the Service. Research indicates that, whether one uses clinical interviews or questionnaire-based methods, it is impossible to distinguish reliably between those who will experience psychological difficulties at a later date and those who will not. Service Leavers are given information about appropriate ex-Service organisations that are able to help with medical problems that may become apparent after discharge (including mental health disorders).</p>